

**NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**For Year Ended June 30, 2016**

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**Raymond F. Wager, CPA, P.C.**  
**Certified Public Accountants**

**Shareholders:**

**Raymond F. Wager, CPA**  
**Thomas J. Lauffer, CPA**  
**Thomas C. Zuber, CPA**

Members of  
American Institute of  
Certified Public Accountants  
and  
New York State Society of  
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
North Rose-Wolcott Central School District, New York

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Rose-Wolcott Central School District, New York, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Rose-Wolcott Central School District, New York, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress postemployment benefit plan, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4–13 and 45–49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Rose-Wolcott Central School District, New York's basic financial statements. The accompanying supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2016 on our consideration of the North Rose-Wolcott Central School District, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 North Rose-Wolcott Central School District, New York's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Raymond F. Wager, CPA, PC". The signature is written in a cursive, flowing style.

September 12, 2016

## **North Rose-Wolcott Central School District**

### **Management's Discussion and Analysis**

#### **For the Fiscal Year Ended June 30, 2016**

The following is a discussion and analysis of the North Rose-Wolcott Central School District's financial performance for the fiscal year ended June 30, 2016. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

#### **Financial Highlights**

At the close of the fiscal year, the total assets (what the district owns) exceeded its total liabilities (what the district owes) by \$39,271,998 (net position), an increase of \$1,575,671 from the prior year. This increase is primarily a result of a decrease in spending in the school lunch fund and an increase in sales tax revenue and state and federal aid.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$17,569,905, an increase of \$576,990 in comparison with the prior year. This increase is primarily a result of an increase in the capital projects fund.

General revenues, which include Federal and State Aid and Real Property Taxes, accounted for \$26,107,859, or 89% of all revenues. Program specific revenues in the form of Charges for Services and Operating Grants and Contributions, accounted for \$3,096,342, or 11% of total revenues.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

##### *Government-Wide Financial Statements*

The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

### *Fund Financial Statements*

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains five individual governmental funds; the General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the special aid fund, and the debt service fund, which are reported as major funds. The school lunch fund and the capital projects fund are aggregated into a single column and reported as non-major funds.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

| <b><u>Major Feature of the District-Wide and Fund Financial Statements</u></b> |  |   |  |
|--|--|---|--|
|  | <b>Government-Wide Statements</b>  | <b>Fund Financial Statements</b>  |  |
|  |  | <u>Governmental Funds</u>   | <u>Fiduciary Funds</u>   |
| Scope  | Entire District (except fiduciary funds)   | The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance   | Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies |
| Required financial statements  | Statement of net position<br>Statement of activities                               | Balance sheet<br>Statement of revenues, expenditures, and changes in fund balance   | Statement of fiduciary net position<br>Statement of changes in fiduciary net position  |
| Accounting basis and measurement focus   | Accrual accounting and economic resources focus                                    | Modified accrual accounting and current financial focus   | Accrual accounting and economic resources focus  |
| Type of asset/liability information  | All assets and liabilities, both financial and capital, short-term and long-term   | Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included                    | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can                        |
| Type of inflow/outflow information   | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All additions and deductions during the year, regardless of when cash is received or paid  |

### *Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

### **Government-Wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.



All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

### **Financial Analysis of the School District as a Whole**

#### **Net Position**

The District's combined net position was larger on June 30, 2016 than the year before, increasing 4% to \$39,271,998, as shown in the table below.

|  | <b><u>Governmental Activities</u></b> |                      | <b>Total<br/>Percentage<br/>Change</b> |
|--|---------------------------------------|----------------------|--|
|  | <b><u>2016</u></b>                    | <b><u>2015</u></b>   |  |
| <b><u>ASSETS:</u></b>                        |                                       |                      |  |
| Current and Other Assets                     | \$ 25,614,438                         | \$ 26,034,313        | -1.61%                                 |
| Capital Assets                               | 27,869,550                            | 29,009,703           | -3.93%                                 |
| <b>Total Assets</b>                          | <b>\$ 53,483,988</b>                  | <b>\$ 55,044,016</b> | <b>-2.83%</b>                          |
| <b><u>DEFERRED OUTFLOW OF RESOURCES:</u></b> |                                       |                      |  |
| Deferred Outflow of Resources                | \$ 2,679,043                          | \$ 1,834,633         | 46.03%                                 |
| <b><u>LIABILITIES:</u></b>                   |                                       |                      |  |
| Long-Term Debt Obligations                   | \$ 12,777,691                         | \$ 12,270,003        | 4.14%                                  |
| Other Liabilities                            | 1,785,289                             | 2,272,760            | -21.45%                                |
| <b>Total Liabilities</b>                     | <b>\$ 14,562,980</b>                  | <b>\$ 14,542,763</b> | <b>0.14%</b>                           |
| <b><u>DEFERRED INFLOW OF RESOURCES:</u></b>  |                                       |                      |  |
| Deferred Inflow of Resources                 | \$ 2,328,053                          | \$ 4,639,560         | -49.82%                                |
| <b><u>NET POSITION:</u></b>                  |                                       |                      |  |
| Net Investment in Capital Assets             | \$ 20,462,403                         | \$ 20,556,744        | -0.46%                                 |
| Restricted For,                              |                                       |                      |  |
| Insurance Reserve                            | -                                     | 3,826,678            | -100.00%                               |
| Retirement Contributions                     | -                                     | 1,856,413            | -100.00%                               |
| Capital Reserves                             | 8,875,540                             | 4,995,895            | 77.66%                                 |
| Other Purposes                               | 4,379,228                             | 2,610,920            | 67.73%                                 |
| Unrestricted                                 | 5,554,827                             | 3,849,676            | 44.29%                                 |
| <b>Total Net Position</b>                    | <b>\$ 39,271,998</b>                  | <b>\$ 37,696,326</b> | <b>4.18%</b>                           |

The District's financial position is the product of many factors.

By far, the largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

There are two restricted net asset balances, Capital Reserves and Other Purposes, which consist of \$13,254,768 of the total net position. The remaining balance is unrestricted net position, a surplus of \$5,554,827.

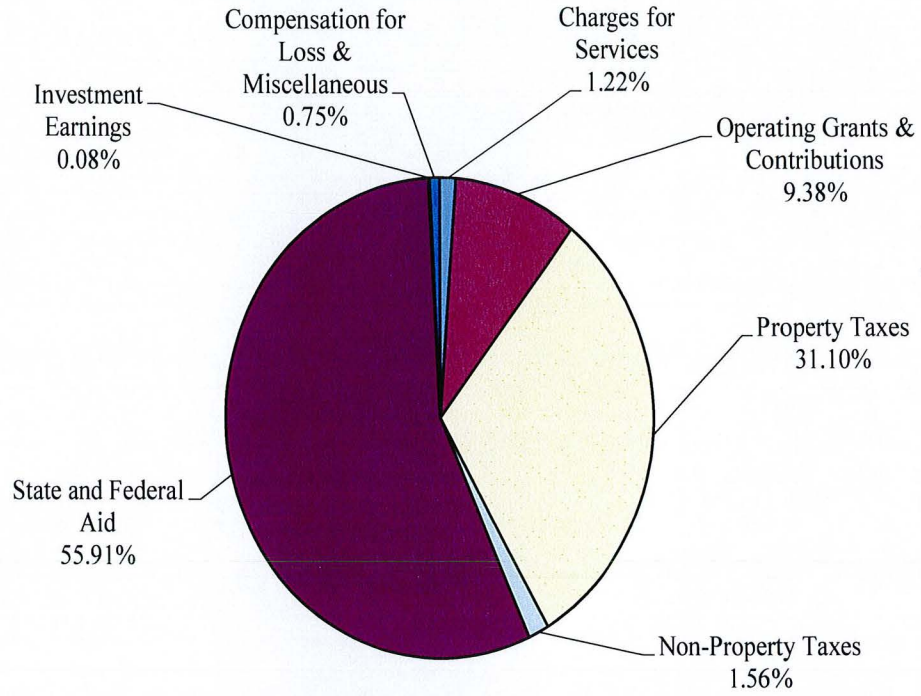
### **Changes in Net Position**

The District's total revenue increased 2% to \$29,204,201. State and federal aid (56%) and property taxes (31%) accounted for most of the District's revenue. The remaining 13% of the revenue comes from operating grants, charges for services, non property taxes, investment earnings, compensation for loss, and miscellaneous revenues.

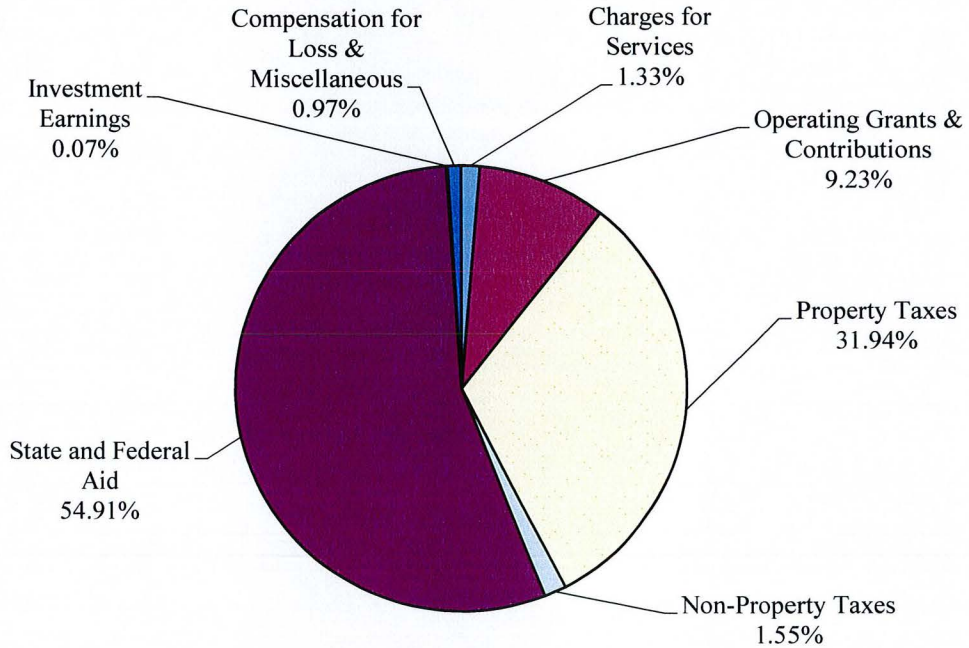
The total cost of all the programs and services increased 6% to \$27,773,530. The District's expenses are predominately related to education and caring for the students, or Instruction (75%). General support, which included expenses associated with the operation, maintenance and administration of the District, accounted for 15% of the total costs. The remaining 10% of the expenditures comes from pupil transportation, community services, school lunch, and interest on long-term debt. See table below:

|                                  | <b><u>Governmental Activities</u></b> |                             | <b>Total<br/>Percentage<br/>Change</b> |
|----------------------------------|---------------------------------------|-----------------------------|--|
|                                  | <b><u>2016</u></b>                    | <b><u>2015</u></b>          |  |
| <b><u>REVENUES:</u></b>          |                                       |                             |  |
| <b><u>Program -</u></b>          |                                       |                             |  |
| Charges for Services             | \$ 357,100                            | \$ 381,314                  | -6.35%                                 |
| Operating Grants & Contributions | 2,739,242                             | 2,638,994                   | 3.80%                                  |
| Total Program                    | <u>\$ 3,096,342</u>                   | <u>\$ 3,020,308</u>         | 2.52%                                  |
| <b><u>General -</u></b>          |                                       |                             |  |
| Property Taxes                   | \$ 9,082,831                          | \$ 9,128,096                | -0.50%                                 |
| Non Property Taxes               | 456,535                               | 442,191                     | 3.24%                                  |
| State and Federal Aid            | 16,326,951                            | 15,696,653                  | 4.02%                                  |
| Investment Earnings              | 23,302                                | 21,421                      | 8.78%                                  |
| Compensation for Loss            | 21,559                                | 16,941                      | 27.26%                                 |
| Miscellaneous                    | 196,681                               | 260,007                     | -24.36%                                |
| Total General                    | <u>\$ 26,107,859</u>                  | <u>\$ 25,565,309</u>        | 2.12%                                  |
| <b>TOTAL REVENUES</b>            | <u><b>\$ 29,204,201</b></u>           | <u><b>\$ 28,585,617</b></u> | 2.16%                                  |
| <b><u>SPECIAL ITEM:</u></b>      |                                       |                             |  |
| Advance Refunding                | <u>\$ 145,000</u>                     | <u>\$ -</u>                 | 100.00%                                |
| <b><u>EXPENSES:</u></b>          |                                       |                             |  |
| General Support                  | \$ 4,075,087                          | \$ 3,693,385                | 10.33%                                 |
| Instruction                      | 20,717,420                            | 19,313,315                  | 7.27%                                  |
| Pupil Transportation             | 1,825,227                             | 1,885,352                   | -3.19%                                 |
| Community Services               | 65,387                                | 47,187                      | 38.57%                                 |
| School Lunch                     | 779,377                               | 807,602                     | -3.49%                                 |
| Interest on Long-Term Debt       | 311,032                               | 379,498                     | -18.04%                                |
| <b>TOTAL EXPENSES</b>            | <u><b>\$ 27,773,530</b></u>           | <u><b>\$ 26,126,339</b></u> | 6.30%                                  |
| <b>INCREASE IN NET POSITION</b>  | <u><b>\$ 1,575,671</b></u>            | <u><b>\$ 2,459,278</b></u>  | -35.93%                                |

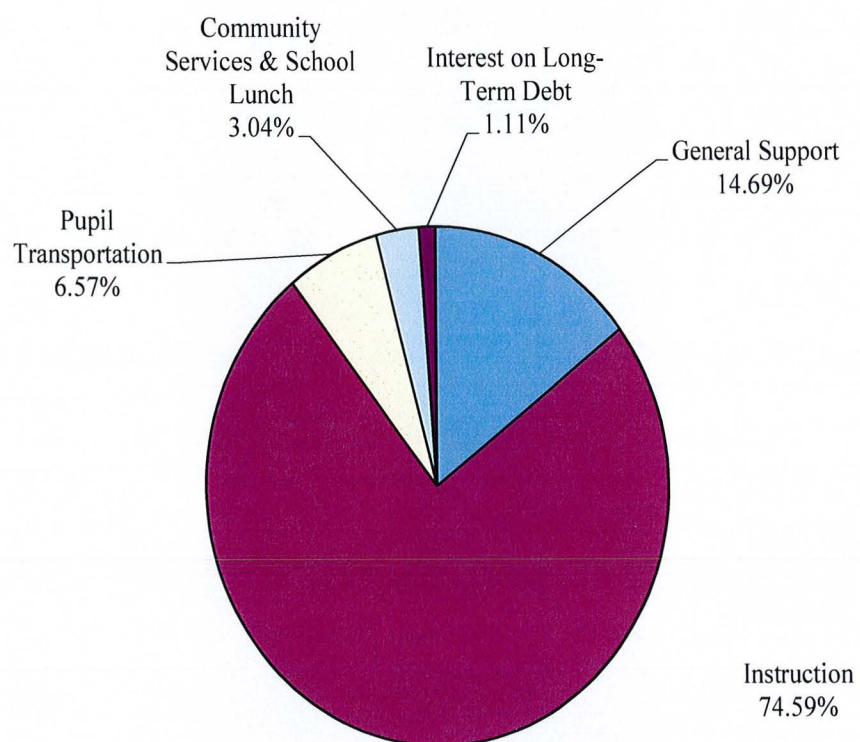
**Revenues for Year Ended 2015-16**



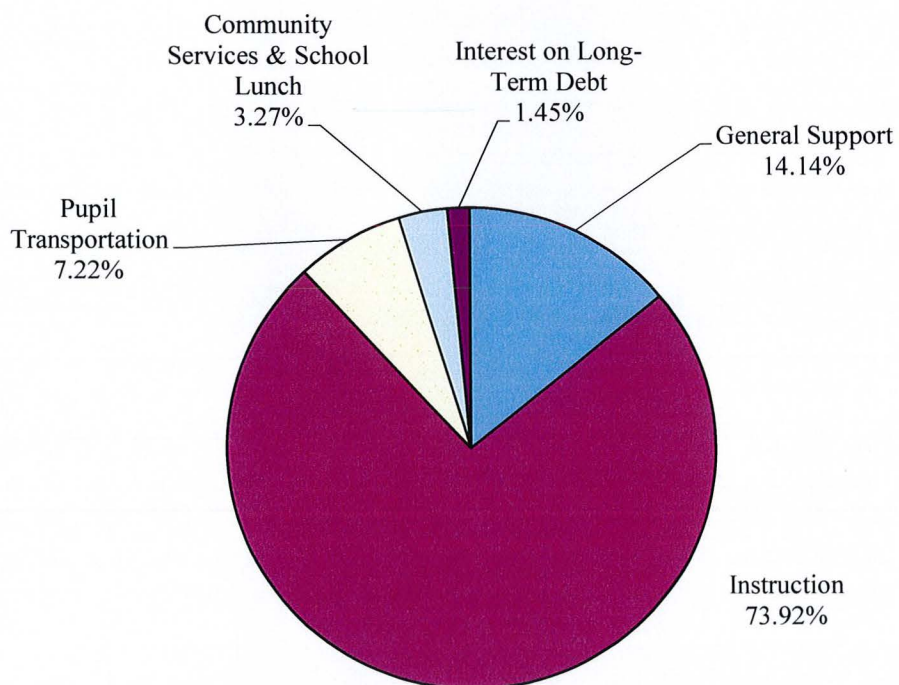
**Revenues for Year Ended 2014-15**



### Expenditures for Year Ended 2015-16



### Expenditures for Year Ended 2014-15



### **Financial Analysis of the School District's Funds**

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$17,569,905, which is more than last year's ending fund balance of \$16,992,915.

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was \$15,631,721. Fund balance for the General Fund increased by \$876,179 compared with the prior year. See table below:

| <b><u>General Fund Balances:</u></b> | <b><u>2016</u></b>          | <b><u>2015</u></b>          | <b><u>Variance</u></b>   |
|--------------------------------------|-----------------------------|-----------------------------|--------------------------|
| Nonspendable                         | \$ 972,138                  | \$ 850,711                  | \$ 121,427               |
| Restricted                           | 13,254,419                  | 12,505,317                  | 749,102                  |
| Assigned                             | 307,473                     | 335,761                     | (28,288)                 |
| Unassigned                           | 1,097,691                   | 1,063,753                   | 33,938                   |
| <b>Total General Fund Balances</b>   | <b><u>\$ 15,631,721</u></b> | <b><u>\$ 14,755,542</u></b> | <b><u>\$ 876,179</u></b> |

The District appropriated funds from the following reserves for the 2016-17 budget:

|                         |                          |
|-------------------------|--------------------------|
| Unemployment            | \$ 100,000               |
| Retirement Contribution | 425,000                  |
| Employee Benefit        | 10,000                   |
| <b>Total</b>            | <b><u>\$ 535,000</u></b> |

### **General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was \$340,611. This change is attributable to \$335,761 of carryover encumbrances from the 2014-15 school year and \$4,850 for donations.

The key factors for budget variances in the general fund are listed below along with explanations for each.

| <b>Expenditure Items:</b>                                | <b>Budget<br/>Variance<br/>Original<br/>Vs.<br/>Amended</b> | <b>Explanation for Budget Variance</b>  |
|--|---|---|
| Special Items  | \$100,562   | Increase in judgements and claims; and BOCES services   |
| Programs for Children<br>with Handicapping<br>Conditions | \$362,213   | Increase in BOCES services  |
| Instructional Media                                      | (\$280,724)   | Decrease in BOCES services  |
| Employee Benefits  | (\$415,109)   | Decrease in benefit expenses  |
| Transfers-Out  | \$388,040   | Transfer to capital fund to purchase buses; and transfer to special aid fund for summer handicapped program |

| <b>Expenditure Items:</b> | <b>Budget<br/>Variance<br/>Amended<br/>Vs.<br/>Actual</b> | <b>Explanation for Budget Variance</b>                              |
|---------------------------|---|---|
| Central Services          | \$214,631   | Year end encumbrances; decrease in contractual services (utilities) |
| Teaching-Regular School   | \$184,101   | Year end encumbrances; decrease in BOCES expense                    |
| Pupil Transportation      | \$257,948   | Decrease in contractual expense (fuel)                              |
| Employee Benefits         | \$191,014   | Decrease in benefit expense   |

### **Capital Asset and Debt Administration**

#### **Capital Assets**

By the end of the 2015-16 fiscal year, the District had invested \$27,869,550 in a broad range of capital assets, including land, work in progress, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

|                            | <b><u>2016</u></b>          | <b><u>2015</u></b>          |
|----------------------------|-----------------------------|-----------------------------|
| Land                       | \$ 190,188                  | \$ 190,188                  |
| Work in Process            | 158,676                     | 336,288                     |
| Buildings and Improvements | 24,632,214                  | 25,638,086                  |
| Machinery and Equipment    | 2,888,472                   | 2,845,141                   |
| <b>Total</b>               | <b><u>\$ 27,869,550</u></b> | <b><u>\$ 29,009,703</u></b> |

#### **Long-Term Debt**

At year end, the District had \$12,777,691 in general obligation bonds and other long-term debt outstanding as follows:

| <b><u>Type</u></b>                 | <b><u>2016</u></b>          | <b><u>2015</u></b>          |
|------------------------------------|-----------------------------|-----------------------------|
| Serial Bonds                       | \$ 8,720,000                | \$ 9,835,000                |
| OPEB                               | 1,966,850                   | 1,506,535                   |
| Net Pension Liability              | 1,478,299                   | 300,991                     |
| Other Long-term Liability          | 580,000                     | 580,000                     |
| Compensated Absences               | 32,542                      | 47,477                      |
| <b>Total Long-Term Obligations</b> | <b><u>\$ 12,777,691</u></b> | <b><u>\$ 12,270,003</u></b> |



### **Factors Bearing on the District's Future**

The District will continue to face fiscal challenges with unpredictable costs in the areas of energy and employee benefits. The economic uncertainty and fiscal stress at the state level will impact financial planning models. The District's approach to conservative budgeting and long range planning for large capital expenditures will aid in easing the financial burden in these areas. Capital improvements and long term planning will continue to be a major point of emphasis in the 2016-17 year as the District continues to work on improving and upgrading its facilities to meet the needs of the students, staff and community. We anticipate major capital project work within the next two to three years.

### **Contacting the School District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

North Rose - Wolcott Central School District  
Attn: Robert Magin  
Business Administrator  
11631 Salter Colvin Road  
Wolcott, New York 14590

**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Net Position**

**June 30, 2016**

|  | <b><u>Governmental<br/>Activities</u></b> |
|--|---|
| <b>ASSETS</b>                              |   |
| Cash and cash equivalents                  | \$ 17,083,236                             |
| Accounts receivable                        | 1,741,991                                 |
| Inventories                                | 37,187                                    |
| Prepaid items                              | 490,527                                   |
| Net pension asset                          | 6,261,497                                 |
| <b>Capital Assets:</b>                     |   |
| Land                                       | 190,188                                   |
| Work in progress                           | 158,676                                   |
| Other capital assets (net of depreciation) | 27,520,686                                |
| <b>TOTAL ASSETS</b>                        | <b><u>\$ 53,483,988</u></b>               |
| <br><b>DEFERRED OUTFLOWS OF RESOURCES</b>  |   |
| Deferred outflows of resources             | <b><u>\$ 2,679,043</u></b>                |
| <br><b>LIABILITIES</b>                     |   |
| Accounts payable                           | \$ 254,994                                |
| Accrued liabilities                        | 121,683                                   |
| Unearned revenues                          | 18,339                                    |
| Due to other governments                   | 63  |
| Due to teachers' retirement system         | 1,302,496                                 |
| Due to employees' retirement system        | 87,714                                    |
| <b>Long-Term Obligations:</b>              |   |
| Due in one year                            | 1,003,136                                 |
| Due in more than one year                  | 11,774,555                                |
| <b>TOTAL LIABILITIES</b>                   | <b><u>\$ 14,562,980</u></b>               |
| <br><b>DEFERRED INFLOWS OF RESOURCES</b>   |   |
| Deferred inflows of resources              | <b><u>\$ 2,328,053</u></b>                |
| <br><b>NET POSITION</b>                    |   |
| Net investment in capital assets           | \$ 20,462,403                             |
| <b>Restricted For:</b>                     |   |
| Capital reserves                           | 8,875,540                                 |
| Other purposes                             | 4,379,228                                 |
| Unrestricted                               | 5,554,827                                 |
| <b>TOTAL NET POSITION</b>                  | <b><u>\$ 39,271,998</u></b>               |

# NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

## Statement of Activities and Changes in Net Position

For Year Ended June 30, 2016

| <u>Functions/Programs</u>                      | <u>Expenses</u>      | <u>Program Revenues</u> |                      | <u>Net (Expense)</u>   |
|--|----------------------|-------------------------|----------------------|------------------------|
|  |                      | <u>Charges for</u>      | <u>Operating</u>     | <u>Revenue and</u>     |
|  |                      | <u>Services</u>         | <u>Grants and</u>    | <u>Changes in</u>      |
|  |                      |                         | <u>Contributions</u> | <u>Net Position</u>    |
|  |                      |                         |                      | <u>Governmental</u>    |
|  |                      |                         |                      | <u>Activities</u>      |
| <b><u>Primary Government -</u></b>             |                      |                         |                      |                        |
| General support                                | \$ 4,075,087         | \$ -                    | \$ -                 | \$ (4,075,087)         |
| Instruction                                    | 20,717,420           | 196,026                 | 2,158,348            | (18,363,046)           |
| Pupil transportation                           | 1,825,227            | -                       | -                    | (1,825,227)            |
| Community services                             | 65,387               | -                       | -                    | (65,387)               |
| School lunch                                   | 779,377              | 161,074                 | 580,894              | (37,409)               |
| Interest                                       | 311,032              | -                       | -                    | (311,032)              |
| <b>Total Primary Government</b>                | <b>\$ 27,773,530</b> | <b>\$ 357,100</b>       | <b>\$ 2,739,242</b>  | <b>\$ (24,677,188)</b> |
| <b>General Revenues:</b>                       |                      |                         |                      |                        |
| Property taxes                                 |                      |                         |                      | \$ 9,082,831           |
| Non property taxes                             |                      |                         |                      | 456,535                |
| State and federal aid                          |                      |                         |                      | 16,326,951             |
| Investment earnings                            |                      |                         |                      | 23,302                 |
| Compensation for loss                          |                      |                         |                      | 21,559                 |
| Miscellaneous                                  |                      |                         |                      | 196,681                |
| <b>Total General Revenues</b>                  |                      |                         |                      | <b>\$ 26,107,859</b>   |
| <b>Special Item:</b>                           |                      |                         |                      |                        |
| Advance refunding                              |                      |                         |                      | \$ 145,000             |
| <b>Total Special Item</b>                      |                      |                         |                      | <b>\$ 145,000</b>      |
| <b>Total General Revenues and Special Item</b> |                      |                         |                      | <b>\$ 26,252,859</b>   |
| Changes in Net Position                        |                      |                         |                      | \$ 1,575,671           |
| <b>Net Position, Beginning of Year</b>         |                      |                         |                      | <b>37,696,327</b>      |
| <b>Net Position, End of Year</b>               |                      |                         |                      | <b>\$ 39,271,998</b>   |

(See accompanying notes to financial statements)

**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**

**Balance Sheet**

**Governmental Funds**

**June 30, 2016**

|  | <b>General<br/>Fund</b> | <b>Special<br/>Aid<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|---------------------------------|----------------------------------|--|---|
| <b>ASSETS</b>                                  |                         |                                 |                                  |  |   |
| Cash and cash equivalents                      | \$ 15,135,899           | \$ 18,100                       | -                                | \$ 1,929,237                               | \$ 17,083,236                           |
| Receivables                                    | 1,079,653               | 620,145                         | -                                | 42,193                                     | 1,741,991                               |
| Inventories                                    | -                       | -                               | -                                | 37,187                                     | 37,187                                  |
| Due from other funds                           | 597,859                 | -                               | 349                              | -  | 598,208                                 |
| Prepaid items                                  | 490,527                 | -                               | -                                | -  | 490,527                                 |
| <b>TOTAL ASSETS</b>                            | <b>\$ 17,303,938</b>    | <b>\$ 638,245</b>               | <b>\$ 349</b>                    | <b>\$ 2,008,617</b>                        | <b>\$ 19,951,149</b>                    |
| <b>LIABILITIES AND FUND BALANCES</b>           |                         |                                 |                                  |  |   |
| <b>Liabilities -</b>                           |                         |                                 |                                  |  |   |
| Accounts payable                               | \$ 200,524              | \$ 43,845                       | \$ -                             | \$ 10,625                                  | \$ 254,994                              |
| Accrued liabilities                            | 69,062                  | 40,068                          | -                                | 2,164                                      | 111,294                                 |
| Due to other funds                             | -                       | 544,332                         | -                                | 53,876                                     | 598,208                                 |
| Due to other governments                       | -                       | -                               | -                                | 63   | 63                                      |
| Due to TRS                                     | 1,302,496               | -                               | -                                | -  | 1,302,496                               |
| Due to ERS                                     | 87,714                  | -                               | -                                | -  | 87,714                                  |
| Compensated absences                           | 8,136                   | -                               | -                                | -  | 8,136                                   |
| Unearned revenue                               | 4,285                   | 10,000                          | -                                | 4,054                                      | 18,339                                  |
| <b>TOTAL LIABILITIES</b>                       | <b>\$ 1,672,217</b>     | <b>\$ 638,245</b>               | <b>\$ -</b>                      | <b>\$ 70,782</b>                           | <b>\$ 2,381,244</b>                     |
| <b>Fund Balances -</b>                         |                         |                                 |                                  |  |   |
| Nonspendable                                   | \$ 972,138              | \$ -                            | \$ -                             | \$ 37,187                                  | \$ 1,009,325                            |
| Restricted                                     | 13,254,419              | -                               | 349                              | 1,814,294                                  | 15,069,062                              |
| Assigned                                       | 307,473                 | -                               | -                                | 86,354                                     | 393,827                                 |
| Unassigned                                     | 1,097,691               | -                               | -                                | -  | 1,097,691                               |
| <b>TOTAL FUND BALANCE</b>                      | <b>\$ 15,631,721</b>    | <b>\$ -</b>                     | <b>\$ 349</b>                    | <b>\$ 1,937,835</b>                        | <b>\$ 17,569,905</b>                    |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$ 17,303,938</b>    | <b>\$ 638,245</b>               | <b>\$ 349</b>                    | <b>\$ 2,008,617</b>                        |   |

**Amounts reported for governmental activities in the**

**Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

27,869,550

Interest is accrued on outstanding bonds in the statement of net position but not in the funds.

(10,389)

The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:

|                            |             |
|----------------------------|-------------|
| Serial bonds payable       | (8,720,000) |
| OPEB                       | (1,966,850) |
| Compensated absences       | (24,406)    |
| Other long-term liability  | (580,000)   |
| Net pension asset          | 6,261,497   |
| Deferred outflow - pension | 2,679,043   |
| Net pension liability      | (1,478,299) |
| Deferred inflow - pension  | (2,328,053) |

**Net Position of Governmental Activities**

**\$ 39,271,998**

**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Governmental Funds**

**For Year Ended June 30, 2016**

|   | <b>General<br/>Fund</b> | <b>Special<br/>Aid<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|---------------------------------|----------------------------------|--|---|
| <b>REVENUES</b>   |                         |                                 |                                  |  |   |
| Real property taxes and tax items   | \$ 9,082,831            | \$ -                            | \$ -                             | \$ -                                       | \$ 9,082,831                            |
| Non-property taxes  | 456,535                 | -                               | -                                | -  | 456,535                                 |
| Charges for services  | 196,026                 | -                               | -                                | -  | 196,026                                 |
| Use of money and property   | 22,940                  | -                               | 362                              | -  | 23,302                                  |
| Sale of property and compensation for loss  | 21,559                  | -                               | -                                | -  | 21,559                                  |
| Miscellaneous   | 182,931                 | 58,395                          | -                                | 13,750                                     | 255,076                                 |
| State sources   | 16,274,005              | 808,049                         | -                                | 18,044                                     | 17,100,098                              |
| Federal sources   | 52,946                  | 1,291,904                       | -                                | 562,850                                    | 1,907,700                               |
| Sales   | -                       | -                               | -                                | 161,074                                    | 161,074                                 |
| Premium on obligations issued   | -                       | -                               | 597,183                          | -  | 597,183                                 |
| <b>TOTAL REVENUES</b>   | <b>\$ 26,289,773</b>    | <b>\$ 2,158,348</b>             | <b>\$ 597,545</b>                | <b>\$ 755,718</b>                          | <b>\$ 29,801,384</b>                    |
| <b>EXPENDITURES</b>   |                         |                                 |                                  |  |   |
| General support   | \$ 3,239,498            | \$ -                            | \$ 110,637                       | \$ -                                       | \$ 3,350,135                            |
| Instruction   | 13,694,243              | 1,757,146                       | -                                | -  | 15,451,389                              |
| Pupil transportation  | 942,769                 | 36,302                          | -                                | 466,199                                    | 1,445,270                               |
| Community services  | 99,493                  | -                               | -                                | -  | 99,493                                  |
| Employee benefits   | 5,905,008               | 417,037                         | -                                | 111,867                                    | 6,433,912                               |
| Debt service - principal  | 970,000                 | -                               | -                                | -  | 970,000                                 |
| Debt service - interest   | 314,362                 | -                               | -                                | -  | 314,362                                 |
| Cost of sales   | -                       | -                               | -                                | 344,428                                    | 344,428                                 |
| Other expenses  | -                       | -                               | -                                | 246,625                                    | 246,625                                 |
| Capital outlay  | -                       | -                               | -                                | 82,234                                     | 82,234                                  |
| <b>TOTAL EXPENDITURES</b>   | <b>\$ 25,165,373</b>    | <b>\$ 2,210,485</b>             | <b>\$ 110,637</b>                | <b>\$ 1,251,353</b>                        | <b>\$ 28,737,848</b>                    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>  | <b>\$ 1,124,400</b>     | <b>\$ (52,137)</b>              | <b>\$ 486,908</b>                | <b>\$ (495,635)</b>                        | <b>\$ 1,063,536</b>                     |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                         |                                 |                                  |  |   |
| Transfers - in  | \$ 139,819              | \$ 52,137                       | \$ -                             | \$ 335,903                                 | \$ 527,859                              |
| Transfers - out   | (388,040)               | -                               | (139,819)                        | -  | (527,859)                               |
| Payment to refunded bond escrow agent   | -                       | -                               | (8,221,546)                      | -  | (8,221,546)                             |
| Proceeds from advanced refunding  | -                       | -                               | 7,735,000                        | -  | 7,735,000                               |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>   | <b>\$ (248,221)</b>     | <b>\$ 52,137</b>                | <b>\$ (626,365)</b>              | <b>\$ 335,903</b>                          | <b>\$ (486,546)</b>                     |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>AND OTHER FINANCING SOURCES<br/>OVER EXPENDITURES AND OTHER<br/>FINANCING USES</b> | <b>\$ 876,179</b>       | <b>\$ -</b>                     | <b>\$ (139,457)</b>              | <b>\$ (159,732)</b>                        | <b>\$ 576,990</b>                       |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>  | <b>14,755,542</b>       | <b>-</b>                        | <b>139,806</b>                   | <b>2,097,567</b>                           | <b>16,992,915</b>                       |
| <b>FUND BALANCE, END OF YEAR</b>  | <b>\$ 15,631,721</b>    | <b>\$ -</b>                     | <b>\$ 349</b>                    | <b>\$ 1,937,835</b>                        | <b>\$ 17,569,905</b>                    |

**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to Statement of Activities**  
**For Year Ended June 30, 2016**

**NET CHANGE IN FUND BALANCES -**

|                                 |           |                |
|---------------------------------|-----------|----------------|
| <b>TOTAL GOVERNMENTAL FUNDS</b> | <b>\$</b> | <b>576,990</b> |
|---------------------------------|-----------|----------------|

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets exceeded depreciation in the current period:

|                          |                    |             |
|--------------------------|--------------------|-------------|
| Capital Outlay           | \$ 82,234          |             |
| Additions to Assets, Net | 514,808            |             |
| Depreciation             | <u>(1,737,195)</u> |             |
|                          |                    | (1,140,153) |

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

|                    |                |           |
|--------------------|----------------|-----------|
| Debt Repayments    | \$ 970,000     |           |
| Advanced Refunding | <u>145,000</u> |           |
|                    |                | 1,115,000 |

|  |       |
|--|-------|
| In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. | 3,330 |
|--|-------|

|   |           |
|---|-----------|
| The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. | (460,315) |
|---|-----------|

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

|                              |  |           |
|------------------------------|--|-----------|
| Teachers' Retirement System  |  | 1,618,076 |
| Employees' Retirement System |  | (146,085) |

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

|                      |  |              |
|----------------------|--|--------------|
| Compensated Absences |  | <u>8,828</u> |
|----------------------|--|--------------|

|  |           |                         |
|--|-----------|-------------------------|
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b> | <b>\$</b> | <b><u>1,575,671</u></b> |
|--|-----------|-------------------------|



**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Fiduciary Net Position**

**June 30, 2016**

|                                  | <b>Private<br/>Purpose<br/><u>Trust</u></b> | <b>Agency<br/><u>Funds</u></b> |
|----------------------------------|---|--------------------------------|
| <b>ASSETS</b>                    |   |                                |
| Cash and cash equivalents        | \$ 73,553                                   | \$ 785,716                     |
| Receivable from general fund     | -   | 88                             |
| <b>TOTAL ASSETS</b>              | <b><u>\$ 73,553</u></b>                     | <b><u>\$ 785,804</u></b>       |
| <b>LIABILITIES</b>               |   |                                |
| Extraclassroom activity balances | \$ -  | \$ 121,041                     |
| Other liabilities                | -   | 664,763                        |
| <b>TOTAL LIABILITIES</b>         | <b><u>\$ -</u></b>                          | <b><u>\$ 785,804</u></b>       |
| <b>NET POSITION</b>              |   |                                |
| Restricted for scholarships      | \$ 73,553                                   |                                |
| <b>TOTAL NET POSITION</b>        | <b><u>\$ 73,553</u></b>                     |                                |

**Statement of Changes in Fiduciary Net Position**

**For the Year Ended June 30, 2016**

|  | <b>Private<br/>Purpose<br/><u>Trust</u></b> |
|--|---|
| <b>ADDITIONS</b>                       |   |
| Contributions                          | \$ 2,838                                    |
| Investment earnings                    | 21  |
| <b>TOTAL ADDITIONS</b>                 | <b><u>\$ 2,859</u></b>                      |
| <b>DEDUCTIONS</b>                      |   |
| Other expenses                         | \$ 4,512                                    |
| <b>TOTAL DEDUCTIONS</b>                | <b><u>\$ 4,512</u></b>                      |
| <b>CHANGE IN NET POSITION</b>          | <b>\$ (1,653)</b>                           |
| <b>NET POSITION, BEGINNING OF YEAR</b> | <b><u>75,206</u></b>                        |
| <b>NET POSITION, END OF YEAR</b>       | <b><u>\$ 73,553</u></b>                     |

# **NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**

## **Notes To The Basic Financial Statements**

**June 30, 2016**

### **I. Summary of Significant Accounting Policies**

The financial statements of the North Rose - Wolcott Central School District, New York (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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. Reporting Entity**

The North Rose - Wolcott Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of eight members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the District's reporting entity.

#### **1. Extraclassroom Activity Funds**

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for assets held as an agency for various student organizations in an agency fund.

#### **B. Joint Venture**

The District is a component of the Wayne - Finger Lakes (BOCES). The BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

**( I. ) (Continued)**

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$5,175,687 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,303,784.

Financial statements for the BOCES are available from the BOCES administrative office.

**C. Basis of Presentation**

**1. Districtwide Statements**

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

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**2. Fund 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. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following governmental funds:

a. **Major Governmental Funds**

**General Fund** - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

**Special Aid Fund** - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

**Debt Service Fund** - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.

b. **Nonmajor Governmental** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

**Capital Projects Fund** - Used to account for the financial resources used for acquisition, construction, or major repair of capital facilities and bus purchases.

**School Lunch Fund** - Used to account for transactions of the District's lunch, breakfast and milk programs.

c. **Fiduciary** - 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 Funds** - 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 Funds** - 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.

( I. ) (Continued)

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

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

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measureable 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**

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 11, 2015. Taxes are collected during the period September 1, 2015 to October 31, 2015.

Uncollected real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

**F. Restricted Resources**

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

**G. Interfund Transactions**

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowing. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

**(I.) (Continued)**

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note V for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

**H. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

**I. Cash and Cash Equivalents**

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

New York State Law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

**J. Receivables**

Receivables 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 not be material.

**K. Inventory and Prepaid Items**

Inventories of food and/or supplies for school lunch are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.



**(I.) (Continued)**

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

**L. Other Assets/Restricted Assets**

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the District-wide financial statements and their use is limited by applicable bond covenants.

In the District-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

**M. Capital Assets**

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$2,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

| <u>Class</u>            | <u>Capitalization<br/>Threshold</u> | <u>Depreciation<br/>Method</u> | <u>Estimated<br/>Useful Life</u> |
|-------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Buildings               | \$ 50,000                           | SL                             | 25-50 Years                      |
| Machinery and Equipment | \$ 2,000                            | SL                             | 5-20 Years                       |

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

**N. Unearned Revenue**

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

( I. ) (Continued)

**O. Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The District may have three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District may have two items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue-property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

**P. Vested Employee Benefits**

**1. Compensated Absences**

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

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

Certain 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.

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

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

( I. ) (Continued)

**Q.     Other Benefits**

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 post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal 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 may be 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.

**R.     Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities, and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

**S.     Equity Classifications**

**1.     District-Wide Statements**

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

- a.     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, constructions or improvements of those assets.
- b.     Restricted Net Position** - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

( I. ) (Continued)

On the Statement of Net Position the following balances represent the restricted for other purposes:

|   | <u><b>Total</b></u>        |
|---|----------------------------|
| Workers' Compensation   | \$ 1,147,144               |
| Unemployment Costs  | 582,905                    |
| Reserve for ERS   | 1,558,984                  |
| Debt  | 349                        |
| Liability   | 571,288                    |
| Employee Benefit Accrued Liability                            | <u>518,558</u>             |
| <b>Total Net Position - Restricted for<br/>Other Purposes</b> | <u><b>\$ 4,379,228</b></u> |

- c. **Unrestricted Net Position** - reports the balance of 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.

2. **Fund Statements**

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

- a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes:

|  | <u><b>Total</b></u>        |
|--|----------------------------|
| Inventory in school lunch              | \$ 37,187                  |
| Prepaid items                          | 490,528                    |
| Noncurrent receivables                 | <u>481,610</u>             |
| <b>Total Nonspendable Fund Balance</b> | <u><b>\$ 1,009,325</b></u> |

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

**Capital Reserve** - According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The Reserve is accounted for in the General Fund under restricted fund balance. Year end balances are as follows:

( I. ) (Continued)

| <b><u>Name<br/>of Reserve</u></b> | <b><u>Maximum<br/>Funding</u></b> | <b><u>Total Funding<br/>Provided</u></b> | <b><u>Year to Date<br/>Balance</u></b> |
|-----------------------------------|-----------------------------------|--|--|
| Building Capital Reserve          | \$ 9,500,000                      | \$ 7,385,002                             | \$ 7,388,362                           |
| 2016 Capital Bus Reserve          | \$ 2,500,000                      | \$ 1,486,384                             | \$ 1,487,178                           |

**Reserve for Debt Service** - According to General Municipal Law §6-1, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

**Employee Benefit Accrued Liability Reserve** - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

**Liability Reserve** - According to General Municipal Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

**Retirement Contribution Reserve** - According to General Municipal Law §6-r, must be used financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

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

**Workers' Compensation Reserve** - According to General Municipal Law §6-j, must be 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. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

( I. ) (Continued)

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

Restricted fund balances include the following:

**General Fund -**

|                                    |              |
|------------------------------------|--------------|
| Capital                            | \$ 8,875,540 |
| Employee Benefit Accrued Liability | 518,558      |
| Liability                          | 571,288      |
| Retirement Contribution            | 1,558,984    |
| Unemployment Insurance             | 582,905      |
| Workers' Compensation              | 1,147,144    |

**Capital Fund -**

|                   |           |
|-------------------|-----------|
| Bus Purchases     | 461,287   |
| Capital Additions | 1,353,007 |

**Debt Service Fund -**

|                               |                      |
|-------------------------------|----------------------|
| Debt Service                  | 349                  |
| <b>Total Restricted Funds</b> | <b>\$ 15,069,062</b> |

The District appropriated and/or budgeted funds from the following reserves for the 2016-17 budget:

|                         |                   |
|-------------------------|-------------------|
| Unemployment            | \$ 100,000        |
| Retirement Contribution | 425,000           |
| Employee Benefit        | 10,000            |
| <b>Total</b>            | <b>\$ 535,000</b> |

c. **Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2016.

d. **Assigned Fund Balance** – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year end. The District assignment is based on the functional level of expenditures.

Significant encumbrances for the general fund, management has determined that amounts in excess of \$38,000 are considered significant and are summarized below:

- \$145,907 for central services and \$112,111 for teaching-regular school.



( I. ) (Continued)

Assigned fund balances include the following:

|                                    |                   |
|------------------------------------|-------------------|
| General Fund-Encumbrances          | \$ 307,473        |
| School Lunch Fund-Year End Equity  | 86,354            |
| <b>Total Assigned Fund Balance</b> | <b>\$ 393,827</b> |

- e. **Unassigned Fund Balance** –Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the school district.

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

3. **Order of Use of Fund Balance**

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

T. **New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2016, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending June 30, 2016.

The GASB has issued Statement No. 72, *Fair Value Measurement and Application*, effective for the year ending June 30, 2016.

The GASB has issued Statement No. 77, *Tax Abatement Disclosures*, effective for the year ended June 30, 2016.

U. **Future Changes in Accounting Standards**

The GASB has issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 57, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which will be effective for the year ended June 30, 2017.

**(I.) (Continued)**

The GASB has issued Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*, which will be effective for the year ended June 30, 2017.

GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

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

**II. Stewardship, Compliance and Accountability**

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

**A. Budgets**

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

Appropriations are adopted at the program line item level.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2015-16 fiscal year, the budget was increased by \$335,761 for carry over encumbrances, and \$4,850 for gifts and donations.

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

Budgets are established and used for individual capital projects fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

( II. ) (Continued)

**B. Encumbrances**

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

**III. Cash and Cash Equivalents**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes.

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

|  |                                    |
|--|------------------------------------|
| Uncollateralized   | \$ -                               |
| Collateralized with securities held by the pledging<br>financial institution | 12,010,318                         |
| Collateralized within Trust department or agent                              | 5,081,827                          |
| <b>Total</b>   | <b><u><u>\$ 17,092,145</u></u></b> |

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$15,069,062 within the governmental funds and \$73,553 in the fiduciary funds.

**IV. Receivables**

Receivables at June 30, 2016 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

| <u>Description</u>         | <u>Governmental Activities</u>    |                                 |                                |                                   |
|----------------------------|-----------------------------------|---------------------------------|--------------------------------|-----------------------------------|
|                            | <u>General<br/>Fund</u>           | <u>Special Aid<br/>Fund</u>     | <u>Non-Major<br/>Funds</u>     | <u>Total</u>                      |
| Accounts Receivable        | \$ 39,908                         | \$ 272                          | \$ 2,058                       | \$ 42,238                         |
| Due From State and Federal | 398,168                           | 619,873                         | 40,135                         | 1,058,176                         |
| Due From Other Governments | 641,577                           | -                               | -                              | 641,577                           |
| <b>Total</b>               | <b><u><u>\$ 1,079,653</u></u></b> | <b><u><u>\$ 620,145</u></u></b> | <b><u><u>\$ 42,193</u></u></b> | <b><u><u>\$ 1,741,991</u></u></b> |

District management has deemed the amounts to be fully collectible.

## V. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2016 were as follows:

|                                    | <u>Interfund</u>   |                   | <u>Interfund</u>  |                     |
|------------------------------------|--------------------|-------------------|-------------------|---------------------|
|                                    | <u>Receivables</u> | <u>Payables</u>   | <u>Revenues</u>   | <u>Expenditures</u> |
| General Fund                       | \$ 597,859         | \$ -              | \$ 139,819        | \$ 388,040          |
| Special Aid Fund                   | -                  | 544,332           | 52,137            | -                   |
| Debt Service                       | 349                | -                 | -                 | 139,819             |
| School Lunch Fund                  | -                  | 6,003             | -                 | -                   |
| Capital Projects Fund              | -                  | 47,873            | 335,903           | -                   |
| <b>Total government activities</b> | <b>\$ 598,208</b>  | <b>\$ 598,208</b> | <b>\$ 527,859</b> | <b>\$ 527,859</b>   |

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures, and debt service expenditures.

## VI. Capital Assets

Capital asset balances and activity were as follows:

| <u>Type</u>  | <u>Balance<br/>7/1/2015</u> | <u>Additions</u>    | <u>Deletions</u>    | <u>Balance<br/>6/30/2016</u> |
|--|-----------------------------|---------------------|---------------------|------------------------------|
| <b>Governmental Activities:</b>  |                             |                     |                     |                              |
| <b>Capital assets that are not depreciated -</b>                         |                             |                     |                     |                              |
| Land   | \$ 190,188                  | \$ -                | \$ -                | \$ 190,188                   |
| Work in progress   | 336,288                     | 82,234              | (259,846)           | 158,676                      |
| <i>Total Nondepreciable</i>  | <u>\$ 526,476</u>           | <u>\$ 82,234</u>    | <u>\$ (259,846)</u> | <u>\$ 348,864</u>            |
| <b>Capital assets that are depreciated -</b>                             |                             |                     |                     |                              |
| Buildings and improvements   | \$ 48,510,629               | \$ 259,846          | \$ -                | \$ 48,770,475                |
| Machinery and equipment  | 7,803,090                   | 774,735             | (594,121)           | 7,983,704                    |
| <i>Total Depreciated Assets</i>  | <u>\$ 56,313,719</u>        | <u>\$ 1,034,581</u> | <u>\$ (594,121)</u> | <u>\$ 56,754,179</u>         |
| <b>Less accumulated depreciation -</b>                                   |                             |                     |                     |                              |
| Buildings and improvements   | \$ 22,872,543               | \$ 1,265,718        | \$ -                | \$ 24,138,261                |
| Machinery and equipment  | 4,957,949                   | 471,477             | (334,194)           | 5,095,232                    |
| <i>Total accumulated depreciation</i>                                    | <u>\$ 27,830,492</u>        | <u>\$ 1,737,195</u> | <u>\$ (334,194)</u> | <u>\$ 29,233,493</u>         |
| <b>Total capital assets depreciated, net of accumulated depreciation</b> | <u>\$ 28,483,227</u>        | <u>\$ (702,614)</u> | <u>\$ (259,927)</u> | <u>\$ 27,520,686</u>         |
| <b>Total Capital Assets</b>  | <b>\$ 29,009,703</b>        | <b>\$ (620,380)</b> | <b>\$ (519,773)</b> | <b>\$ 27,869,550</b>         |

Depreciation expense for the period was charged to functions/programs as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| <b>Governmental Activities:</b>   |                     |
| General government support        | \$ 281,798          |
| Instruction                       | 923,632             |
| Pupil transportation              | 472,837             |
| School lunch                      | 58,928              |
| <b>Total Depreciation Expense</b> | <b>\$ 1,737,195</b> |

## VII. Long-Term Debt Obligations

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

| <u>Governmental Activities:</u>    | <u>Balance</u><br><u>7/1/2015</u> | <u>Additions</u>    | <u>Deletions</u>    | <u>Balance</u><br><u>6/30/2016</u> | <u>Due Within</u><br><u>One Year</u> |
|------------------------------------|-----------------------------------|---------------------|---------------------|------------------------------------|--------------------------------------|
| <u>Bonds and Notes Payable -</u>   |                                   |                     |                     |                                    |                                      |
| Serial Bonds                       | \$ 9,835,000                      | \$ 7,735,000        | \$ 8,850,000        | \$ 8,720,000                       | \$ 995,000                           |
| <u>Other Liabilities -</u>         |                                   |                     |                     |                                    |                                      |
| OPEB Liability                     | \$ 1,506,535                      | \$ 460,315          | \$ -                | \$ 1,966,850                       | \$ -                                 |
| Net Pension Liability              | 300,991                           | 1,177,308           | -                   | 1,478,299                          | -                                    |
| Other Long-Term Liability          | 580,000                           | -                   | -                   | 580,000                            | -                                    |
| Compensated Absences               | 47,477                            | -                   | 14,935              | 32,542                             | 8,136                                |
| <b>Total Other Liabilities</b>     | <b>\$ 2,435,003</b>               | <b>\$ 1,637,623</b> | <b>\$ 14,935</b>    | <b>\$ 4,057,691</b>                | <b>\$ 8,136</b>                      |
| <b>Total Long-Term Obligations</b> | <b>\$ 12,270,003</b>              | <b>\$ 9,372,623</b> | <b>\$ 8,864,935</b> | <b>\$ 12,777,691</b>               | <b>\$ 1,003,136</b>                  |

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Existing serial and statutory bond obligations:

| <u>Description</u>        | <u>Issue</u><br><u>Date</u> | <u>Final</u><br><u>Maturity</u> | <u>Interest</u><br><u>Rate</u> | <u>Amount</u><br><u>Outstanding</u><br><u>6/30/2016</u> |
|---------------------------|-----------------------------|---------------------------------|--------------------------------|---|
| <u>Serial Bonds -</u>     |                             |                                 |                                |   |
| Construction              | 2010                        | 2017                            | 2.500%-4.000%                  | \$ 990,000  |
| Refunding                 | 2016                        | 2019                            | 2.00%-4.00%                    | 7,730,000   |
| <b>Total Serial Bonds</b> |                             |                                 |                                | <b>\$ 8,720,000</b>                                     |

The following is a summary of debt service requirements:

|              | <u>Serial Bonds</u> |                     |
|--------------|---------------------|---------------------|
| <u>Year</u>  | <u>Principal</u>    | <u>Interest</u>     |
| 2017         | \$ 995,000          | \$ 249,325          |
| 2018         | 1,020,000           | 222,000             |
| 2019         | 1,050,000           | 191,400             |
| 2020         | 1,080,000           | 159,900             |
| 2021         | 1,105,000           | 138,300             |
| 2022-24      | 3,470,000           | 257,600             |
| <b>Total</b> | <b>\$ 8,720,000</b> | <b>\$ 1,218,525</b> |

On November 24, 2015, the District issued \$7,735,000 in general obligation bonds with an average interest rate of 3.00% to advance refund \$7,880,000 of outstanding serial bonds with an average interest rate of 3.25%. The net proceeds of \$8,221,546 (after payment of \$110,637 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements. The District advance refunded the bonds to revise its payment schedules due to changes in New York State's aid payment schedules. The economic gain (the difference between the present value of the debt service payments on the old and new debt) is approximately \$424,732.

( VII. ) (Continued)

Interest on long-term debt for June 30, 2016 was composed of:

|   |                          |
|---|--------------------------|
| Interest paid                                     | \$ 314,362               |
| <u>Less:</u> interest accrued in the prior year   | (13,719)                 |
| <u>Plus:</u> interest accrued in the current year | 10,389                   |
| <b>Total interest expense</b>                     | <b><u>\$ 311,032</u></b> |

**VIII. Pension Plans**

**A. General Information**

New York State Employees' Retirement System (NYSERS), and the New York State Teachers' Retirement System (NYSTRS).

**B. Provisions and Administration**

*Teachers' Retirement System (TRS)*

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

*Employees' Retirement System (ERS)*

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

( VIII. ) (Continued)

**C.      Contributions**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

|      |    | <u>ERS</u> | <u>TRS</u>   |
|------|----|------------|--------------|
| 2016 | \$ | 438,621    | \$ 1,302,496 |
| 2015 | \$ | 475,431    | \$ 1,665,618 |
| 2014 | \$ | 485,477    | \$ 1,542,527 |

**D.      Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At June 30, 2016, 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, 2016 for ERS and June 30, 2015 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.

|  | <u>ERS</u>     | <u>TRS</u>    |
|--|----------------|---------------|
| Actuarial valuation date   | April 1, 2015  | June 30, 2014 |
| Net pension assets/(liability)                                       | \$ (1,478,299) | \$ 6,261,497  |
| District's portion of the Plan's total net pension asset/(liability) | 0.0092104%     | 0.060283%     |

For the year ended June 30, 2016, the District recognized pension expenses of \$545,267 for ERS and (\$411,874) for TRS. At June 30, 2016 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

( VIII. ) (Continued)

|   | Deferred Outflows<br>of Resources |                            | Deferred Inflows<br>of Resources |                            |
|---|-----------------------------------|----------------------------|----------------------------------|----------------------------|
|   | <u>ERS</u>                        | <u>TRS</u>                 | <u>ERS</u>                       | <u>TRS</u>                 |
| Differences between expended and actual experience  | \$ 7,470                          | \$ -                       | \$ 175,228                       | \$ 173,533                 |
| Changes of assumptions  | 394,218                           | -                          | -                                | -                          |
| Net difference between projected and actual earnings on pension plan investments                                    | 877,008                           | -                          | -                                | 1,979,292                  |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 60,701                            | 19,208                     | -                                | -                          |
| Subtotal  | <u>\$ 1,339,397</u>               | <u>\$ 19,208</u>           | <u>\$ 175,228</u>                | <u>\$ 2,152,825</u>        |
| District's contributions subsequent to the measurement date   | <u>87,714</u>                     | <u>1,232,724</u>           | <u>-</u>                         | <u>-</u>                   |
| <b>Grand Total</b>  | <b><u>\$ 1,427,111</u></b>        | <b><u>\$ 1,251,932</u></b> | <b><u>\$ 175,228</u></b>         | <b><u>\$ 2,152,825</u></b> |

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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>Year</u>  | <u>ERS</u>                 | <u>TRS</u>                   |
|--------------|----------------------------|------------------------------|
| 2016         | \$ -                       | \$ (796,100)                 |
| 2017         | 297,017                    | (796,100)                    |
| 2018         | 297,017                    | (796,100)                    |
| 2019         | 297,017                    | 331,390                      |
| 2020         | 273,118                    | (19,405)                     |
| Thereafter   | -                          | (57,302)                     |
| <b>Total</b> | <b><u>\$ 1,164,169</u></b> | <b><u>\$ (2,133,617)</u></b> |

**E. Actuarial Assumptions**

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

Significant actuarial assumptions used in the valuations were as follows:

|                          | <u>ERS</u>  | <u>TRS</u>  |
|--------------------------|---|---|
| Measurement date         | March 31, 2016  | June 30, 2015   |
| Actuarial valuation date | April 1, 2015   | June 30, 2014   |
| Interest rate            | 7.00%   | 8.00%   |
| Salary scale             | 3.80%   | 4.01%-10.91%  |
| Decrement tables         | April 1, 2010-<br>March 31, 2015<br>System's Experience | July 1, 2005-<br>June 30, 2010<br>System's Experience |
| Inflation rate           | 2.50%   | 3.00%   |



( VIII. ) (Continued)

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-2016. For TRS, annuitant mortality rates are based on July 1, 2005 – June 30, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2015 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, 2014 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

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 as follows:

| <b>Long Term Expected Rate of Return</b> |                   |                   |
|--|-------------------|-------------------|
|  | <b><u>ERS</u></b> | <b><u>TRS</u></b> |
| Actuarial valuation date                 | April 1, 2015     | June 30, 2014     |
| <b><u>Asset Type -</u></b>               |                   |                   |
| Cash                                     | 2.25%             | 0.00%             |
| Inflation-index bonds                    | 4.00%             | 0.00%             |
| Domestic equity                          | 7.30%             | 6.50%             |
| International equity                     | 8.55%             | 7.70%             |
| Real estate                              | 8.25%             | 4.60%             |
| Alternative investments                  | 0.00%             | 9.90%             |
| Domestic fixed income securities         | 0.00%             | 2.10%             |
| Global fixed income securities           | 0.00%             | 1.90%             |
| Bonds/mortgages                          | 4.00%             | 3.40%             |
| Short-term                               | 0.00%             | 1.20%             |
| Private equity                           | 11.00%            | -                 |
| Absolute return strategies               | 6.75%             | -                 |
| Opportunistic portfolios                 | 8.60%             | -                 |
| Real assets                              | 8.65%             | -                 |

**F. Discount Rate**

The discount rate used to calculate the total pension liability was 7.0% for ERS and 8% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

( VIII. ) (Continued)

**G. Sensitivity of the Proportionate Share of 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 7.0% for ERS and 8% 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-percentagepoint lower (6.0% for ERS and 7% for TRS ) or 1-percentagepoint higher (8.0% for ERS and 9% for TRS) than the current rate :

| <u>ERS</u>  | <u>1% Decrease<br/>(6.0%)</u> | <u>Current<br/>Assumption<br/>(7.0%)</u> | <u>1% Increase<br/>(8.0%)</u> |
|---|-------------------------------|--|-------------------------------|
| Employer's proportionate<br>share of the net pension<br>asset (liability) | \$ (3,333,456)                | \$ (1,478,229)                           | \$ 89,230                     |

| <u>TRS</u>  | <u>1% Decrease<br/>(7%)</u> | <u>Current<br/>Assumption<br/>(8%)</u> | <u>1% Increase<br/>(9%)</u> |
|---|-----------------------------|--|-----------------------------|
| Employer's proportionate<br>share of the net pension<br>asset (liability) | \$ (427,115)                | \$ 6,261,497                           | \$ 11,965,478               |

**H. 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:

|  | <u>(In Thousands)</u>  |                      |
|--|------------------------|----------------------|
|  | <u>ERS</u>             | <u>TRS</u>           |
| Valuation date   | April 1, 2015          | June 30, 2014        |
| Employers' total pension liability   | \$ 172,303,544         | \$ 99,332,103        |
| Plan net position  | 156,253,265            | 109,718,916          |
| Employers' net pension asset/(liability)   | <u>\$ (16,050,279)</u> | <u>\$ 10,386,813</u> |
| Ration of plan net position to the<br>employers' total pension asset/(liability) | 90.70%                 | 110.46%              |

**I. Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2016 amounted to \$87,714.

( VIII. ) (Continued)

For TRS, employer and employee contributions for the fiscal year ended June 30, 2016 are paid to the System in September, October and November 2016 through a state aid intercept. Accrued retirement contributions as of June 30, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 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, 2016 amounted to \$1,302,496.

**IX. Postemployment Benefits**

The District provides postemployment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

The District implemented GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the school year ended June 30, 2009. This required the District to calculate and record a net other postemployment benefit obligation at year end. The net other postemployment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the general fund of the funds financial statements as payments are made. For the year ended June 30, 2016 the District recognized \$1,029,033 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of June 30, 2015 which indicates that the total liability for other postemployment benefits is \$14,672,180.

*Annual OPEB Cost and Net OPEB Obligation* - The District's annual other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation by governmental activities:

|  |                                   |
|--|-----------------------------------|
| Annual required contribution               | \$ 1,506,535                      |
| Interest on net OPEB obligation            | 38,559                            |
| Adjustment to annual required contribution | <u>(55,746)</u>                   |
| Annual OPEB cost (expense)                 | \$ 1,489,348                      |
| Contributions made                         | <u>1,029,033</u>                  |
| Increase in net OPEB obligation            | \$ 460,315                        |
| Net OPEB obligation - beginning of year    | <u>1,506,535</u>                  |
| <b>Net OPEB obligation - end of year</b>   | <b><u><u>\$ 1,966,850</u></u></b> |

( IX. ) (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year end 2016 and the two preceding years were as follows:

| <u>Fiscal<br/>Year<br/>Ended</u> | <u>Annual<br/>OPEB Cost</u> | <u>Percentage of<br/>Annual<br/>OPEB Cost<br/>Contributed</u> | <u>Net<br/>OPEB<br/>Obligation</u> |
|----------------------------------|-----------------------------|---|------------------------------------|
| 6/30/2016                        | \$ 1,489,348                | 69.09%  | \$ 1,966,850                       |
| 6/30/2015                        | \$ 1,571,602                | 65.48%  | \$ 1,506,535                       |
| 6/30/2014                        | \$ 613,875                  | 78.68%  | \$ 963,966                         |

*Funded Status and Funding Progress* - As of June 30, 2015, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$14,672,180, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$14,672,180. The covered payroll (annual payroll of active employees covered by the plan) was \$12,295,653 , and the ratio of the UAAL to the covered payroll was 119.33%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 30, 2015 actuarial valuation, the Projected Unit Credit Actuarial Cost Method was used. The discount rate used was 4%. Because the plan is unfunded, reference to the general assets was considered in the selections of the four percent rate. The annual healthcare cost trend rate is 8.5% initially, reduced by decrements to an ultimate rate of 3.886% in 2075. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016, was twenty-two years.

**X. Risk Management**

**A. General Information**

The District is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

**B.     Workers' Compensation**

The District incurs costs related to the Wayne-Finger Lakes Area School Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services, of Ontario, Seneca, Yates, Cayuga and Wayne Counties and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Ontario, Seneca, Yates, Cayuga and Wayne Counties BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of the Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

Plan membership is currently comprised of Wayne Finger Lakes BOCES and twenty-two districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments shall be charged to a participant other than the annual assessment. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

The Plan purchases, on an annual basis, stop-loss insurance to limit its exposure for claims paid.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2016, the North Rose - Wolcott Central School District incurred premiums or contribution expenditures totaling \$206,390.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2015, revealed that the Plan is underfunded.

**C.     Dental Coverage**

The District self insures for dental coverage for its employees. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. The expenditures as claims are presented for payment with a cap of \$1,000 per employee or employee dependent. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated.

( X. ) (Continued)

A reconciliation of the claims recorded for 2016 and 2015 are as follows:

|                           | <u>2016</u>        | <u>2015</u>        |
|---------------------------|--------------------|--------------------|
| Beginning liabilities     | \$ -               | \$ -               |
| Incurring claims          | 55,321             | 61,657             |
| Claims payments           | (55,321)           | (61,657)           |
| <b>Ending liabilities</b> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

The Plan has available fund balance totaling \$158,468 at June 30, 2016.

The following statistical information is presented:

| <u>Year</u> | <u>Contribution</u><br><u>Revenue</u> | <u>Actual Claim</u><br><u>Expense</u> |
|-------------|---------------------------------------|---------------------------------------|
| 2016        | \$ 55,321                             | \$ 55,321                             |
| 2015        | \$ 61,657                             | \$ 61,657                             |
| 2014        | \$ 65,820                             | \$ 65,820                             |
| 2013        | \$ 70,638                             | \$ 70,638                             |
| 2012        | \$ 71,270                             | \$ 71,270                             |
| 2011        | \$ 73,460                             | \$ 73,460                             |
| 2010        | \$ 66,318                             | \$ 66,318                             |
| 2009        | \$ 70,790                             | \$ 70,790                             |
| 2008        | \$ 70,643                             | \$ 70,643                             |
| 2007        | \$ 64,374                             | \$ 64,374                             |

**D. Unemployment**

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2015-16 fiscal year totaled \$5,348. The balance of the fund at June 30, 2016 was \$582,905 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2016, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

**XI. Commitments and Contingencies**

**A. Litigation**

The District routinely receives notices of claims which are defended by the insurance carrier. In addition, the District receives claims seeking reduction in assessments for which the financial outcome, if any, can not be determined at this time.

**B. Grants**

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

**Required Supplementary Information**  
**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Funding Progress**  
**of Post Employment Benefit Plan**  
**(Unaudited)**  
**For Year Ended June 30, 2016**

| <b>Actuarial</b> |                  | <b>(2)</b>       |                | <b>(4)</b>       |                | <b>(6)</b>        |
|------------------|------------------|------------------|----------------|------------------|----------------|-------------------|
| <b>Valuation</b> | <b>(1)</b>       | <b>Actuarial</b> | <b>(3)</b>     | <b>Unfunded</b>  | <b>(5)</b>     | <b>UAAL</b>       |
| <b>Date</b>      | <b>Actuarial</b> | <b>Accrued</b>   | <b>Funded</b>  | <b>Actuarial</b> | <b>Active</b>  | <b>As a</b>       |
| <b>June 30,</b>  | <b>Value of</b>  | <b>Liability</b> | <b>Ratio</b>   | <b>Liability</b> | <b>Members</b> | <b>Percentage</b> |
|                  | <b>Assets</b>    | <b>(AAL)</b>     | <b>(1)/(2)</b> | <b>(UAAL)</b>    | <b>Covered</b> | <b>of Covered</b> |
|                  |                  |                  |                | <b>(2) - (1)</b> | <b>Payroll</b> | <b>(4) / (5)</b>  |
| 2009             | \$ -             | \$ 5,427,284     | 0.00%          | \$ 5,427,284     | \$ 13,760,384  | 39.44%            |
| 2012             | \$ -             | \$ 4,705,903     | 0.00%          | \$ 4,705,903     | \$ 11,751,317  | 40.05%            |
| 2013             | \$ -             | \$ 5,835,637     | 0.00%          | \$ 5,835,637     | \$ 12,034,244  | 48.49%            |
| 2015             | \$ -             | \$ 14,672,180    | 0.00%          | \$ 14,672,180    | \$ 12,295,653  | 119.33%           |

**Required Supplementary Information**  
**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**(Unaudited)**  
**For Year Ended June 30, 2016**

| <b>NYSERS Pension Plan</b>  |                    |                    |
|---|--------------------|--------------------|
|   | <b><u>2016</u></b> | <b><u>2015</u></b> |
| Proportion of the net pension liability (assets)  | 0.0092%            | 0.0089%            |
| Proportionate share of the net pension liability (assets)   | \$ 1,478,299       | \$ 300,991         |
| Covered-employee payroll  | \$ 2,496,220       | \$ 2,517,708       |
| Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll | 59.222%            | 11.955%            |
| Plan fiduciary net position as a percentage of the total pension liability                                | 90.70%             | 97.90%             |
| <b>NYSTRS Pension Plan</b>  |                    |                    |
|   | <b><u>2016</u></b> | <b><u>2015</u></b> |
| Proportion of the net pension liability (assets)  | 0.0603%            | 0.0608%            |
| Proportionate share of the net pension liability (assets)   | \$ (6,261,497)     | \$ (6,768,114)     |
| Covered-employee payroll  | \$ 9,296,560       | \$ 9,206,922       |
| Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll | 67.353%            | 73.511%            |
| Plan fiduciary net position as a percentage of the total pension liability                                | 110.46%            | 111.48%            |



**Required Supplementary Information**  
**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of District Contributions**  
**(Unaudited)**  
**For Year Ended June 30, 2016**

| <b>NYSERS Pension Plan</b>   |                    |                    |
|--|--------------------|--------------------|
|  | <b><u>2016</u></b> | <b><u>2015</u></b> |
| Contractually required contributions                                 | \$ 438,621         | \$ 475,431         |
| Contributions in relation to the contractually required contribution | <u>(438,621)</u>   | <u>(475,431)</u>   |
| Contribution deficiency (excess)                                     | <u>\$ -</u>        | <u>\$ -</u>        |
| Covered-employee payroll   | \$ 2,496,220       | \$ 2,517,708       |
| Contributions as a percentage of covered-employee payroll            | 17.57%             | 18.88%             |

| <b>NYSTRS Pension Plan</b>   |                    |                    |
|--|--------------------|--------------------|
|  | <b><u>2016</u></b> | <b><u>2015</u></b> |
| Contractually required contributions                                 | \$ 1,302,496       | \$ 1,665,618       |
| Contributions in relation to the contractually required contribution | <u>(1,302,496)</u> | <u>(1,665,618)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>        | <u>\$ -</u>        |
| Covered-employee payroll   | \$ 9,296,560       | \$ 9,206,922       |
| Contributions as a percentage of covered-employee payroll            | 14.01%             | 18.09%             |

**Required Supplementary Information**  
**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP Basis) and Actual - General Fund**  
**(Unaudited)**  
**For Year Ended June 30, 2016**

|   | <u>Original</u><br><u>Budget</u> | <u>Amended</u><br><u>Budget</u> | <u>Current</u><br><u>Year's</u><br><u>Revenues</u> | <u>Over (Under)</u><br><u>Revised</u><br><u>Budget</u> |
|---|----------------------------------|---------------------------------|--|--|
| <b>REVENUES</b>   |                                  |                                 |  |  |
| <b>Local Sources -</b>  |                                  |                                 |  |  |
| Real property taxes   | \$ 9,037,155                     | \$ 7,626,812                    | \$ 7,626,812                                       | \$ -   |
| Real property tax items                                       | 75,915                           | 1,455,393                       | 1,456,019  | 626  |
| Non-property taxes  | 440,000                          | 440,000                         | 456,535  | 16,535   |
| Charges for services  | 170,860                          | 166,424                         | 196,026  | 29,602   |
| Use of money and property                                     | 14,000                           | 19,162                          | 22,940   | 3,778  |
| Sale of property and compensation for loss                    | -                                | 2,765                           | 21,559   | 18,794   |
| Miscellaneous   | 145,000                          | 177,224                         | 182,931  | 5,707  |
| <b>State Sources -</b>  |                                  |                                 |  |  |
| Basic formula   | 14,759,462                       | 12,790,047                      | 12,859,179   | 69,132   |
| Lottery aid   | -                                | 1,983,445                       | 1,984,129  | 684  |
| BOCES   | 1,296,331                        | 1,303,784                       | 1,303,784  | -  |
| Textbooks   | 74,821                           | 75,026                          | 75,026   | -  |
| <b>All Other Aid -</b>  |                                  |                                 |  |  |
| Computer software   | 39,579                           | 17,894                          | 17,894   | -  |
| Library loan  | 8,009                            | 8,006                           | 8,006  | -  |
| Other aid   | -                                | -                               | 25,987   | 25,987   |
| <b>Federal Sources</b>  | 40,000                           | 40,000                          | 52,946   | 12,946   |
| <b>TOTAL REVENUES</b>   | <u>\$ 26,101,132</u>             | <u>\$ 26,105,982</u>            | <u>\$ 26,289,773</u>                               | <u>\$ 183,791</u>                                      |
| <b>Other Sources -</b>  |                                  |                                 |  |  |
| Transfer - in   | <u>\$ 139,798</u>                | <u>\$ 139,798</u>               | <u>\$ 139,819</u>                                  | <u>\$ 21</u>   |
| <b>TOTAL REVENUES AND OTHER SOURCES</b>                       | <u>\$ 26,240,930</u>             | <u>\$ 26,245,780</u>            | <u>\$ 26,429,592</u>                               | <u>\$ 183,812</u>                                      |
| Appropriated reserves   | <u>\$ 352,906</u>                | <u>\$ 352,906</u>               |  |  |
| Prior year encumbrances                                       | <u>\$ 335,761</u>                | <u>\$ 335,761</u>               |  |  |
| <b>TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE</b> | <u><u>\$ 26,929,597</u></u>      | <u><u>\$ 26,934,447</u></u>     |  |  |

**Required Supplementary Information**  
**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP Basis) and Actual - General Fund**  
**(Unaudited)**  
**For Year Ended June 30, 2016**

|  | <b>Original</b>      | <b>Amended</b>       | <b>Current</b>             |                            | <b>Unencumbered</b>    |
|--|----------------------|----------------------|----------------------------|----------------------------|------------------------|
|  | <b><u>Budget</u></b> | <b><u>Budget</u></b> | <b><u>Year's</u></b>       | <b><u>Encumbrances</u></b> | <b><u>Balances</u></b> |
|  |                      |                      | <b><u>Expenditures</u></b> |                            |                        |
| <b>EXPENDITURES</b>  |                      |                      |                            |                            |                        |
| <b>General Support -</b>   |                      |                      |                            |                            |                        |
| Board of education   | \$ 48,377            | \$ 45,377            | \$ 41,188                  | \$ -                       | \$ 4,189               |
| Central administration   | 268,294              | 251,324              | 242,962                    | 50                         | 8,312                  |
| Finance  | 474,558              | 507,861              | 486,929                    | 10,811                     | 10,121                 |
| Staff  | 157,599              | 162,583              | 153,463                    | 2,139                      | 6,981                  |
| Central services   | 2,342,991            | 2,274,482            | 1,913,944                  | 145,907                    | 214,631                |
| Special items  | 312,500              | 413,062              | 401,012                    | -                          | 12,050                 |
| <b>Instructional -</b>   |                      |                      |                            |                            |                        |
| Instruction, administration and improvement  | 1,226,946            | 1,224,456            | 1,123,077                  | 5,748                      | 95,631                 |
| Teaching - regular school  | 6,110,623            | 6,069,661            | 5,773,449                  | 112,111                    | 184,101                |
| Programs for children with<br>handicapping conditions  | 3,725,774            | 4,087,987            | 4,060,935                  | 18,082                     | 8,970                  |
| Occupational education   | 460,000              | 463,700              | 463,700                    | -                          | -                      |
| Teaching - special schools   | 272,370              | 268,670              | 259,631                    | -                          | 9,039                  |
| Instructional media  | 1,221,658            | 940,934              | 914,991                    | 4,902                      | 21,041                 |
| Pupil services   | 1,156,645            | 1,138,489            | 1,098,460                  | 5,546                      | 34,483                 |
| <b>Pupil Transportation</b>  | 1,246,236            | 1,202,894            | 942,769                    | 2,177                      | 257,948                |
| <b>Community Services</b>  | 99,645               | 104,655              | 99,493                     | -                          | 5,162                  |
| <b>Employee Benefits</b>   | 6,511,131            | 6,096,022            | 5,905,008                  | -                          | 191,014                |
| <b>Debt service - principal</b>  | 965,000              | 970,000              | 970,000                    | -                          | -                      |
| <b>Debt service - interest</b>   | 329,250              | 324,250              | 314,362                    | -                          | 9,888                  |
| <b>TOTAL EXPENDITURES</b>  | <u>\$ 26,929,597</u> | <u>\$ 26,546,407</u> | <u>\$ 25,165,373</u>       | <u>\$ 307,473</u>          | <u>\$ 1,073,561</u>    |
| <b>Other Uses -</b>  |                      |                      |                            |                            |                        |
| Transfers - out  | \$ -                 | \$ 388,040           | \$ 388,040                 | \$ -                       | \$ -                   |
| <b>TOTAL EXPENDITURES AND<br/>OTHER USES</b>   | <u>\$ 26,929,597</u> | <u>\$ 26,934,447</u> | <u>\$ 25,553,413</u>       | <u>\$ 307,473</u>          | <u>\$ 1,073,561</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUE<br/>AND OTHER FINANCING SOURCES<br/>OVER EXPENDITURES AND OTHER<br/>FINANCING USES</b> |                      |                      |                            |                            |                        |
|  | \$ -                 | \$ -                 | \$ 876,179                 |                            |                        |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>   | <u>14,755,542</u>    | <u>14,755,542</u>    | <u>14,755,542</u>          |                            |                        |
| <b>FUND BALANCE, END OF YEAR</b>   | <u>\$ 14,755,542</u> | <u>\$ 14,755,542</u> | <u>\$ 15,631,721</u>       |                            |                        |

**Note to Required Supplementary Information:**

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

Supplementary Information  
**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Change From Adopted Budget To Final Budget**  
**And The Real Property Tax Limit**  
**For Year Ended June 30, 2016**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:**

|                           |                                    |
|---------------------------|------------------------------------|
| Adopted budget            | \$ 26,593,836                      |
| Prior year's encumbrances | <u>335,761</u>                     |
| <b>Original Budget</b>    | <b>\$ 26,929,597</b>               |
| Budget revisions -        |                                    |
| Donations                 | <u>4,850</u>                       |
| <b>FINAL BUDGET</b>       | <b><u><u>\$ 26,934,447</u></u></b> |

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

|  |                            |
|--|----------------------------|
| 2016-17 voter approved expenditure budget            | \$ 27,645,264              |
| <u>Unrestricted fund balance:</u>                    |                            |
| Assigned fund balance                                | \$ 307,473                 |
| Unassigned fund balance                              | <u>1,097,691</u>           |
| Total Unrestricted fund balance                      | <u>\$ 1,405,164</u>        |
| <u>Less adjustments:</u>                             |                            |
| Encumbrances included in assigned fund balance       | <u>\$ 307,473</u>          |
| General fund fund balance subject to Section 1318 of |                            |
| Real Property Tax Law                                | <u>1,097,691</u>           |
| <b>ACTUAL PERCENTAGE</b>                             | <b><u><u>3.97%</u></u></b> |

Supplementary Information  
NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK  
CAPITAL PROJECTS FUND  
Schedule of Project Expenditures  
June 30, 2016

| Project Title  | Original<br>Appropriation | Revised<br>Appropriation | Expenditures         |                   |                      | Unexpended<br>Balance | Methods of Financing |                     |                     |                     |                      | Fund<br>Balance     |
|--|---------------------------|--------------------------|----------------------|-------------------|----------------------|-----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|---------------------|
|  |                           |                          | Prior<br>Years       | Current<br>Year   | Total                |                       | Obligations          | Local<br>Sources    | State<br>Sources    | Transfers           | Total                |                     |
| 2006 - 2007 District-Wide<br>Renovations / Additions | \$ 21,023,500             | \$ 21,023,500            | \$ 19,631,424        | \$ 69,188         | \$ 19,700,612        | \$ 1,322,888          | \$ 15,101,386        | \$ 2,000,000        | \$ 1,115,964        | \$ 2,796,115        | \$ 21,013,465        | \$ 1,312,853        |
| Emergency ES Septic Project                          | 300,000                   | 300,000                  | 246,801              | 13,045            | 259,846              | 40,154                | -                    | -                   | -                   | 300,000             | 300,000              | 40,154              |
| 2012 - 2013 Bus Purchases                            | 550,000                   | 550,000                  | 537,825              | -                 | 537,825              | 12,175                | -                    | 200,000             | -                   | 350,000             | 550,000              | 12,175              |
| 2015 - 2016 Bus Purchases                            | 790,000                   | 790,000                  | -                    | 466,200           | 466,200              | 323,800               | -                    | -                   | -                   | 579,409             | 579,409              | 113,209             |
| 2016 - 2017 Bus Purchases                            | 335,902                   | 335,902                  | -                    | -                 | -                    | 335,902               | -                    | -                   | -                   | 335,903             | 335,903              | 335,903             |
| <b>TOTAL</b>   | <b>\$ 22,999,402</b>      | <b>\$ 22,999,402</b>     | <b>\$ 20,416,050</b> | <b>\$ 548,433</b> | <b>\$ 20,964,483</b> | <b>\$ 2,034,919</b>   | <b>\$ 15,101,386</b> | <b>\$ 2,200,000</b> | <b>\$ 1,115,964</b> | <b>\$ 4,361,427</b> | <b>\$ 22,778,777</b> | <b>\$ 1,814,294</b> |

**Supplementary Information**  
**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Combined Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2016**

|  | <u>Special<br/>Revenue Fund</u>  |                                      | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|--|----------------------------------|--------------------------------------|--|
|  | <u>School<br/>Lunch<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> |  |
| <b>ASSETS</b>                                  |                                  |                                      |  |
| Cash and cash equivalents                      | \$ 60,803                        | \$ 1,868,434                         | \$ 1,929,237   |
| Receivables                                    | 42,193                           | -                                    | 42,193   |
| Inventories                                    | 37,187                           | -                                    | 37,187   |
| <b>TOTAL ASSETS</b>                            | <b>\$ 140,183</b>                | <b>\$ 1,868,434</b>                  | <b>\$ 2,008,617</b>                                  |
| <b>LIABILITIES AND FUND BALANCES</b>           |                                  |                                      |  |
| <b><u>Liabilities</u> -</b>                    |                                  |                                      |  |
| Accounts payable                               | \$ 4,358                         | \$ 6,267                             | \$ 10,625  |
| Accrued liabilities                            | 2,164                            | -                                    | 2,164  |
| Due to other funds                             | 6,003                            | 47,873                               | 53,876   |
| Due to other governments                       | 63                               | -                                    | 63   |
| Unearned revenue                               | 4,054                            | -                                    | 4,054  |
| <b>TOTAL LIABILITIES</b>                       | <b>\$ 16,642</b>                 | <b>\$ 54,140</b>                     | <b>\$ 70,782</b>                                     |
| <b><u>Fund Balances</u> -</b>                  |                                  |                                      |  |
| Nonspendable                                   | \$ 37,187                        | \$ -                                 | \$ 37,187  |
| Restricted                                     | -                                | 1,814,294                            | 1,814,294  |
| Assigned                                       | 86,354                           | -                                    | 86,354   |
| <b>TOTAL FUND BALANCE</b>                      | <b>\$ 123,541</b>                | <b>\$ 1,814,294</b>                  | <b>\$ 1,937,835</b>                                  |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b>\$ 140,183</b>                | <b>\$ 1,868,434</b>                  | <b>\$ 2,008,617</b>                                  |

**Supplementary Information**  
**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Combined Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

|   | <u>Special<br/>Revenue Fund</u>  | <u>Capital<br/>Projects<br/>Fund</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|---|----------------------------------|--------------------------------------|--|
|   | <u>School<br/>Lunch<br/>Fund</u> |                                      |  |
| <b>REVENUES</b>   |                                  |                                      |  |
| Miscellaneous   | \$ 13,750                        | -                                    | \$ 13,750  |
| State sources   | 18,044                           | -                                    | 18,044   |
| Federal sources   | 562,850                          | -                                    | 562,850  |
| Sales   | 161,074                          | -                                    | 161,074  |
| <b>TOTAL REVENUES</b>   | <u>\$ 755,718</u>                | <u>\$ -</u>                          | <u>\$ 755,718</u>                                    |
| <b>EXPENDITURES</b>   |                                  |                                      |  |
| Pupil transportation  | \$ -                             | \$ 466,199                           | \$ 466,199   |
| Employee benefits   | 111,867                          | -                                    | 111,867  |
| Cost of sales   | 344,428                          | -                                    | 344,428  |
| Other expenses  | 246,625                          | -                                    | 246,625  |
| Capital outlay  | -                                | 82,234                               | 82,234   |
| <b>TOTAL EXPENDITURES</b>   | <u>\$ 702,920</u>                | <u>\$ 548,433</u>                    | <u>\$ 1,251,353</u>                                  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b>  | <u>\$ 52,798</u>                 | <u>\$ (548,433)</u>                  | <u>\$ (495,635)</u>                                  |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                                  |                                      |  |
| Transfers - in  | \$ -                             | \$ 335,903                           | \$ 335,903   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>   | <u>\$ -</u>                      | <u>\$ 335,903</u>                    | <u>\$ 335,903</u>                                    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>AND OTHER FINANCING SOURCES<br/>OVER EXPENDITURES AND OTHER<br/>FINANCING USES</b> | <u>\$ 52,798</u>                 | <u>\$ (212,530)</u>                  | <u>\$ (159,732)</u>                                  |
| <b>FUND BALANCE, BEGINNING OF YEAR</b>  | <u>70,743</u>                    | <u>2,026,824</u>                     | <u>2,097,567</u>                                     |
| <b>FUND BALANCE, END OF YEAR</b>  | <u><u>\$ 123,541</u></u>         | <u><u>\$ 1,814,294</u></u>           | <u><u>\$ 1,937,835</u></u>                           |

**Supplementary Information**  
**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Net Investment in Capital Assets**  
**For Year Ended June 30, 2016**

|   |                     |                                    |
|---|---------------------|------------------------------------|
| <b>Capital assets, net</b>              |                     | \$ 27,869,550                      |
| <b>Add:</b>                             |                     |                                    |
| Unspent bond proceeds                   | <u>\$ 1,312,853</u> | 1,312,853                          |
| <b>Deduct:</b>                          |                     |                                    |
| Short-term portion of bonds payable     | \$ 995,000          |                                    |
| Long-term portion of bonds payable      | <u>7,725,000</u>    | <u>8,720,000</u>                   |
| <b>Net Investment in Capital Assets</b> |                     | <u><u><b>\$ 20,462,403</b></u></u> |



Supplementary Information  
**NORTH ROSE-WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For Year Ended June 30, 2016**

| <u>Grantor / Pass - Through Agency</u>   | <u>CFDA</u>   | <u>Grantor</u> | <u>Pass-Through</u> | <u>Total</u>        |
|--|---------------|----------------|---------------------|---------------------|
| <u>Federal Award Cluster / Program</u>   | <u>Number</u> | <u>Number</u>  | <u>Agency</u>       | <u>Expenditures</u> |
| <b><u>Direct Programs:</u></b>   |               |                |                     |                     |
| Innovative Programs Fund for the Improvement of Education                          | 84.215        | 5215E140381    | N/A                 | \$ 72,551           |
| Innovative Programs Fund for the Improvement of Education                          | 84.215        | 5215E150381    | N/A                 | 17,192              |
| <b><u>U.S. Department of Education:</u></b>  |               |                |                     |                     |
| <b><u>Indirect Programs:</u></b>   |               |                |                     |                     |
| <b><u>Passed Through NYS Education Department -</u></b>                            |               |                |                     |                     |
| Title IIA - Teacher Training   | 84.367        | N/A            | 0147-16-3590        | 83,459              |
| Title VII - McKinney - Vento   | 84.367        | N/A            | 0212-16-4070        | 30,951              |
| <b><u>Title I, Part A Cluster -</u></b>  |               |                |                     |                     |
| Title I - Grants to Local Educational Agencies                                     | 84.010        | N/A            | 0021-15-3590        | 4,800               |
| Title I - Grants to Local Educational Agencies                                     | 84.010        | N/A            | 0021-16-3590        | 327,059             |
| <b><u>Special Education Cluster IDEA -</u></b>                                     |               |                |                     |                     |
| Special Education - Grants to States (IDEA, Part B)                                | 84.027        | N/A            | 0032-16-1040        | 319,705             |
| Special Education - Preschool Grants (IDEA Preschool)                              | 84.173        | N/A            | 0033-16-1040        | 25,039              |
| <b><u>Passed Through Lyons Central School District -</u></b>                       |               |                |                     |                     |
| 21st Century   | 84.287        | N/A            | N/A                 | 211,313             |
| Title IIB - Math   | 84.366        | N/A            | N/A                 | 33,100              |
| School Climate Transformation Grant  | 84.184        | N/A            | N/A                 | 118,571             |
| <b><u>Passed Through Sodus Central School District -</u></b>                       |               |                |                     |                     |
| Title IIB - Science  | 84.366        | N/A            | N/A                 | 272                 |
| <b>Total U.S. Department of Education</b>  |               |                |                     | <b>\$ 1,244,012</b> |
| <b><u>U.S. Department of Agriculture:</u></b>                                      |               |                |                     |                     |
| <b><u>Indirect Programs:</u></b>   |               |                |                     |                     |
| <b><u>Passed Through NYS Education Department (Child Nutrition Services) -</u></b> |               |                |                     |                     |
| Food Service Equipment Assistance Grant  | 10.579        | N/A            | 0005-15-0017        | \$ 47,892           |
| <b><u>Nutrition Cluster -</u></b>  |               |                |                     |                     |
| National School Lunch Program  | 10.555        | N/A            | 011701              | 331,091             |
| National School Lunch Program-Non-Cash Assistance (Commodities)                    | 10.555        | N/A            | 011701              | 47,481              |
| National School Snack Program  | 10.555        | N/A            | 011701              | 26,129              |
| National School Breakfast Program  | 10.553        | N/A            | 011701              | 114,453             |
| Summer Food Service Program  | 10.559        | N/A            | 011701              | 43,696              |
| <b>Total U.S. Department of Agriculture</b>  |               |                |                     | <b>\$ 610,742</b>   |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>  |               |                |                     | <b>\$ 1,854,754</b> |

**Raymond F. Wager, CPA, P.C.**  
**Certified Public Accountants**

**Shareholders:**

**Raymond F. Wager, CPA**  
**Thomas J. Lauffer, CPA**  
**Thomas C. Zuber, CPA**

Members of  
American Institute of  
Certified Public Accountants  
and  
New York State Society of  
Certified Public Accountants

**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***

**Independent Auditors' Report**

To the Board of Education  
North Rose - Wolcott Central School District, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Rose - Wolcott Central School District, New York, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the North Rose - Wolcott Central School District, New York's basic financial statements, and have issued our report thereon dated September 12, 2016.

***Internal Control Over Financial Reporting***

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

A handwritten signature in dark ink, reading "Raymond F. Wager, CPA, P.C." in a cursive style.

September 12, 2016

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