

CENTRAL SQUARE CENTRAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2017

APPROVED

CSCSD

Board of Education

10.3.17

Date



Signature

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

Shareholders:

Raymond F. Wager, CPA
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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
Central Square Central School District, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Central Square Central School District, New York, as of and for the year ended June 30, 2017, 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 Central Square Central School District, New York, as of June 30, 2017, 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 Central Square Central School District, New York's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Uniform Guidance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Uniform Guidance are the responsibility of management and were 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 supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Uniform Guidance are 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 25, 2017 on our consideration of the Central Square 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 Central Square Central School District, New York's internal control over financial reporting and compliance.

September 25, 2017

Raymond F. Wager, CPA, P.C.

Central Square Central School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2017

The following is a discussion and analysis of the Central Square Central School District's financial performance for the fiscal year ended June 30, 2017. This section is a summary of the Central Square Central 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 Central Square Central School District's financial statements, which immediately follow this section.

Financial Highlights

At the close of the fiscal year, the total net position (what the district owns) exceeded its total liabilities (what the district owes) by \$16,577,431 (net position), an increase of \$9,725,252 from the prior year.

General revenues, which include Federal and State Aid and Real Property Taxes, accounted for \$76,505,035, or 95% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$4,358,627, or 5% of total revenues.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$12,325,936 an increase of \$4,346,611 in comparison with the prior year.

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, which is reported as a major fund. Data for the school lunch fund, the special aid fund, the debt service 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.

<u>Major Feature of the District-Wide and Fund Financial Statements</u>			
	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
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 assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net assets statement of changes in fiduciary net assets
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 it has 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 greater on June 30, 2017 than the year before, increasing by 141.93% to \$16,577,431, as shown in the table below.

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2017</u>	<u>2016</u>	<u>Change</u>
<u>ASSETS:</u>			
Current and Other Assets	\$ 22,051,868	\$ 32,152,694	-31.42%
Capital Assets	48,951,111	50,552,966	-3.17%
Total Assets	\$ 71,002,979	\$ 82,705,660	-14.15%
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Deferred Outflow of Resources	\$ 19,267,006	\$ 4,345,623	343.37%
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 63,796,566	\$ 66,502,400	-4.07%
Other Liabilities	8,702,341	9,827,882	-11.45%
Total Liabilities	\$ 72,498,907	\$ 76,330,282	-5.02%
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Deferred Inflow of Resources	\$ 1,193,647	\$ 6,868,822	-82.62%
<u>NET POSITION:</u>			
Net Investments in Capital Assets	\$ 32,644,285	\$ 29,148,766	11.99%
<u>Restricted For,</u>			
Debt Service	1,296,225	1,283,079	1.02%
Workers' Compensation	1,160,902	-	100.00%
Accrued Benefit Liability Reserve	2,057,369	2,057,369	0.00%
Other Purposes	79,705	79,705	0.00%
Unrestricted	(20,661,055)	(25,716,740)	-19.66%
Total Net Position	\$ 16,577,431	\$ 6,852,179	141.93%

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

By far, the largest component of the School District's net position (197%) 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 were four restricted net asset balances; Debt Service, Workers' Compensation, Accrued Benefit Liability Reserve, and Other Purposes, which constitute 28% of total net position. The remaining balance of unrestricted net position is a deficit of \$20,661,055.

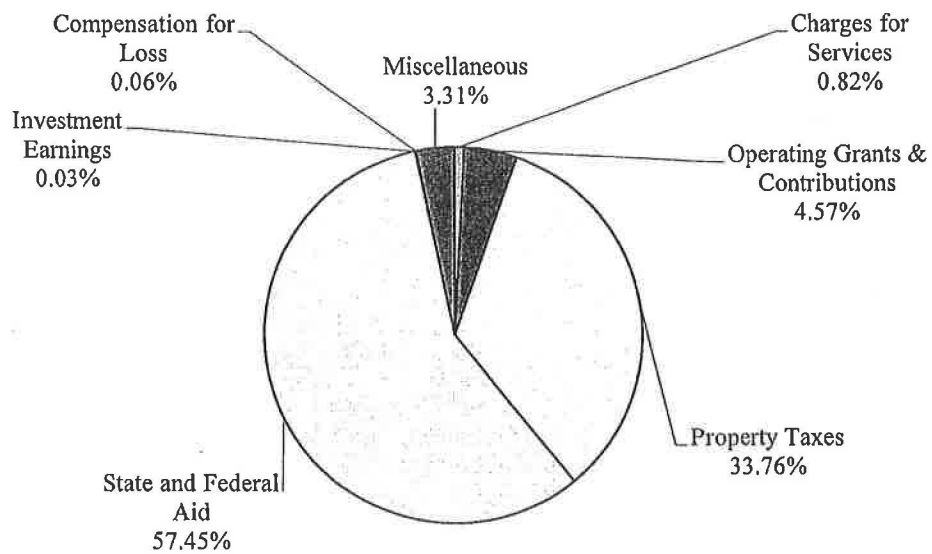
Changes in Net Position

The District's total revenue increased 5% to \$76,505,035. Approximately 57% of the revenue was from State and Federal Aid sources, while 34% came from property taxes. The remaining 9% of the revenue came from operating grants, charges for services, , investment earnings, compensation for loss, and miscellaneous revenues.

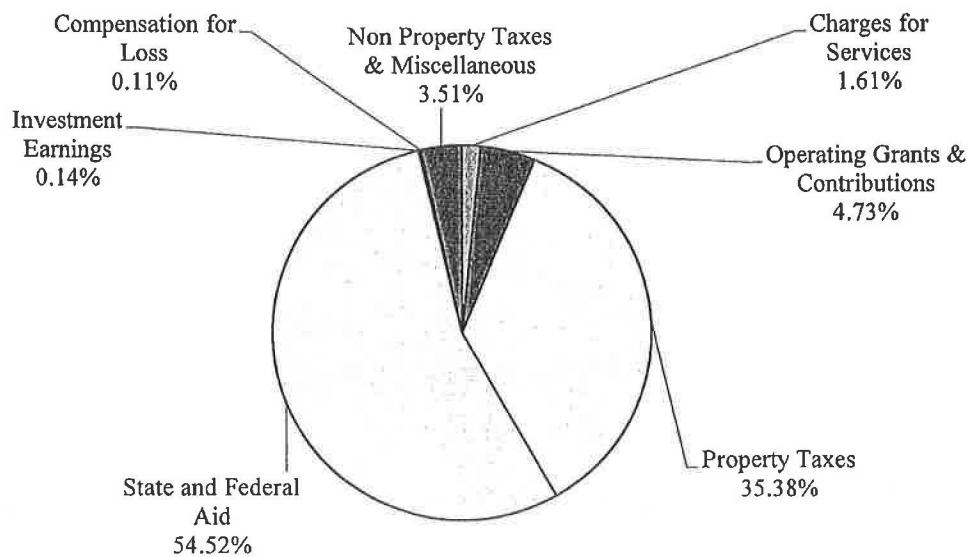
The total cost of all the programs and services decreased 5% to \$71,138,410. The District's expenses were predominately related to education and caring for the students, or Instruction (72%). General support, which included expenses associated with the operation, maintenance and administration of the District, accounted for 14% of the total costs. See the table below for further details:

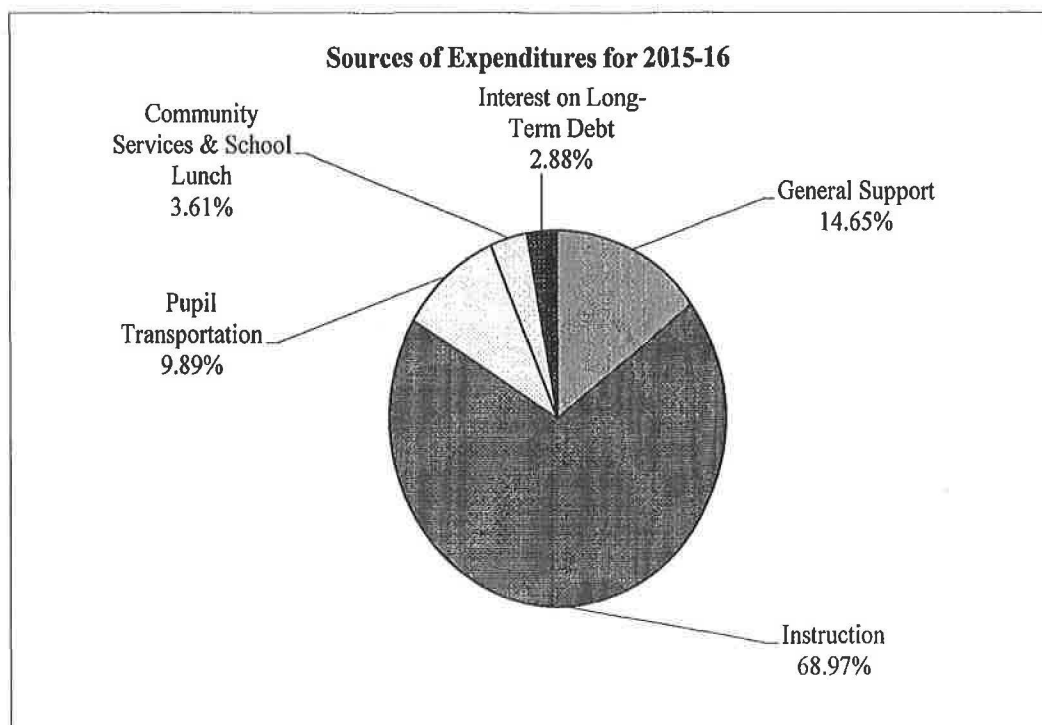
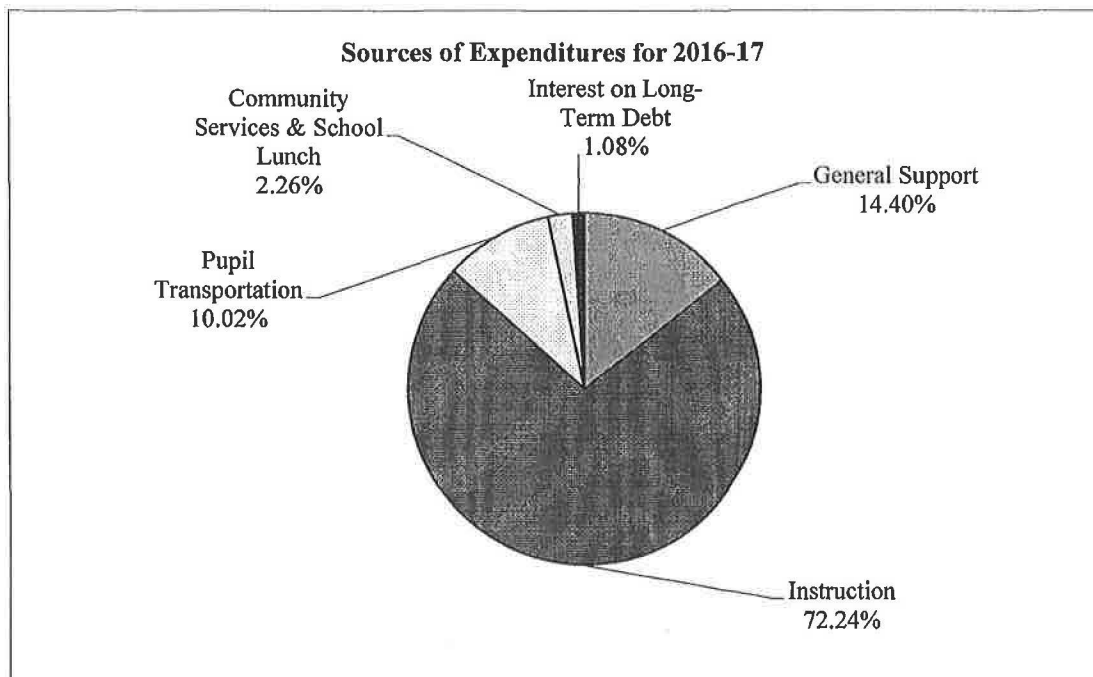
	<u>Governmental Activities</u>		<u>Total</u>
	<u>2017</u>	<u>2016</u>	<u>Percentage</u>
<u>REVENUES:</u>			<u>Change</u>
<u>Program -</u>			
Charges for Services	\$ 659,793	\$ 644,192	2.42%
Operating Grants & Contributions	3,698,834	4,018,111	-7.95%
Total Program	<u>\$ 4,358,627</u>	<u>\$ 4,662,303</u>	<u>-6.51%</u>
<u>General -</u>			
Property Taxes	\$ 27,300,082	\$ 27,052,297	0.92%
State and Federal Aid	46,454,873	44,009,152	5.56%
Investment Earnings	23,700	10,756	120.34%
Compensation for Loss	45,796	314,382	-85.43%
Miscellaneous	2,680,584	1,094,549	144.90%
Total General	<u>\$ 76,505,035</u>	<u>\$ 72,481,136</u>	<u>5.55%</u>
TOTAL REVENUES	<u>\$ 80,863,662</u>	<u>\$ 77,143,439</u>	<u>4.82%</u>
<u>EXPENSES:</u>			
General Support	\$ 10,245,391	\$ 11,927,912	-14.11%
Instruction	51,391,235	53,640,576	-4.19%
Pupil Transportation	7,124,651	6,799,243	4.79%
School Lunch	1,610,653	1,502,793	7.18%
Interest on Long-Term Debt	766,480	918,427	-16.54%
TOTAL EXPENSES	<u>\$ 71,138,410</u>	<u>\$ 74,788,951</u>	<u>-4.88%</u>
INCREASE IN NET POSITION	<u>\$ 9,725,252</u>	<u>\$ 2,354,488</u>	

Sources of Revenues for 2016-17



Sources of Revenues for 2015-16





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 \$12,325,936, which is more than last year's ending fund balance of \$7,979,325.

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 \$11,181,290. Fund balance for the General Fund increased by \$4,280,278 compared with the prior year. See table below:

<u>General Fund Balances:</u>	<u>2017</u>	<u>2016</u>	<u>Variance</u>
Nonspendable	\$ 2,625,833	\$ -	\$ 2,625,833
Restricted	3,297,976	2,137,074	1,160,902
Assigned	2,255,828	1,772,139	483,689
Unassigned	3,001,653	2,991,799	9,854
Total General Fund Balances	<u>\$ 11,181,290</u>	<u>\$ 6,901,012</u>	<u>\$ 4,280,278</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$772,139. This change is attributable to \$772,139 of carryover encumbrances from the 2015-16 school year.

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

Expenditure Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
Central Services	\$395,473	Closure of the District Office Administration building caused the District to incur unexpected 1 time moving, repair, and contractual expenses. The decision will result in long term savings.
Teaching-Regular School	\$284,642	Variance is due to an additional elementary position and retirement awards.
Programs for Children with Handicapping Conditions	\$611,253	New students with disabilities registering with the District cause 13 additional teaching assistance positions as well as 1 special education teaching position.
Employee Benefits	(\$2,024,190)	Changes in the District's health insurance plan; from an indemnity product to a minimum premium product resulted in significant savings.
Transfers-Out	\$468,055	An emergency septic project at AA Cole Elementary caused this variance.

Revenue Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Miscellaneous	\$1,865,631	An adjustment for the over accrual for the ERS liability.
State Sources	\$288,654	Expense driven aid estimates were lower than resulting aid.
Expenditure Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Employee Benefits	\$1,519,012	Changes in the District's health insurance plan; from an indemnity product to a minimum premium product resulted in significant savings.
Transfers-Out	\$349,784	An emergency septic project at AA Cole Elementary caused this variance.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2016-17 fiscal year, the District had invested \$48,951,111 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:

	<u>2017</u>	<u>2016</u>
Land	\$ 425,000	\$ 425,000
Buildings and Improvements	44,126,904	45,880,878
Machinery and Equipment	4,399,207	4,247,088
Total	<u><u>\$ 48,951,111</u></u>	<u><u>\$ 50,552,966</u></u>

Long-Term Debt

At year-end, the District had \$63,796,566 in general obligation bonds and other long-term debt as follows:

<u>Type</u>	<u>2017</u>	<u>2016</u>
Serial Bonds	\$ 14,654,938	\$ 19,201,724
Energy Performance Contract	1,651,888	2,076,855
OPEB	38,471,612	35,172,457
Net Pension Liability	4,610,017	4,901,046
Compensated Absences	4,408,111	5,161,447
Total Long-Term Obligations	<u><u>\$ 63,796,566</u></u>	<u><u>\$ 66,513,529</u></u>

Factors Bearing on the District's Future

The Central Square CSD is very pleased to have community support to pass a \$40.8 million dollar capital project at our May 2017 vote. This will allow the District to address critical infrastructure and life safety needs. It also allows us to address key student centered program needs and general building needs. As the project unfolds over the next 2 years the corresponding debt will be issued.

During the 2016-2017 school year, in conjunction with the finalizing of our long term planning, the Board of Education decided to close the District Office building and the Central Square Intermediate Elementary. Declining enrollment continues and these difficult decisions will allow the District to be much more efficient. Capacity is more evenly spread across our 4 elementary buildings. Administrative staff is now housed in the high school, better utilizing the capacity of that building.

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:

Central Square Central School District
44 School Drive
Central Square, New York 13036

CENTRAL SQUARE CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Net Position

June 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 18,450,621
Accounts receivable	3,542,104
Inventories	59,143
Capital Assets:	
Land	425,000
Other capital assets (net of depreciation)	48,526,111
TOTAL ASSETS	\$ 71,002,979
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	\$ 19,267,006
 LIABILITIES	
Accounts payable	\$ 741,712
Accrued liabilities	4,400,871
Unearned revenues	20,206
Due to other governments	60
Due to teachers' retirement system	3,165,231
Due to employees' retirement system	374,261
Long-Term Obligations:	
Due in one year	4,248,382
Due in more than one year	59,548,184
TOTAL LIABILITIES	\$ 72,498,907
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	\$ 1,193,647
 NET POSITION	
Net investment in capital assets	\$ 32,644,285
Restricted For:	
Debt service	1,296,225
Worker's compensation reserve	1,160,902
Accrued benefit liability reserve	2,057,369
Other purposes	79,705
Unrestricted	(20,661,055)
TOTAL NET POSITION	\$ 16,577,431

CENTRAL SQUARE CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Activities and Changes in Net Position

For Year Ended June 30, 2017

<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>
<u>Primary Government -</u>				
General support	\$ 10,245,391	\$ -	\$ -	\$ (10,245,391)
Instruction	51,391,235	182,448	2,810,920	(48,397,867)
Pupil transportation	7,124,651	-	-	(7,124,651)
School lunch	1,610,653	477,345	887,914	(245,394)
Interest	766,480	-	-	(766,480)
Total Primary Government	\$ 71,138,410	\$ 659,793	\$ 3,698,834	\$ (66,779,783)

General Revenues:

Property taxes	\$ 27,300,082
State and federal aid	46,454,873
Investment earnings	23,700
Compensation for loss	45,796
Miscellaneous	2,680,584
Total General Revenues	\$ 76,505,035
Changes in Net Position	\$ 9,725,252
Net Position, Beginning of Year	6,852,179
Net Position, End of Year	\$ 16,577,431

CENTRAL SQUARE CENTRAL SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2017

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 16,866,551	\$ 1,584,070	\$ 18,450,621
Receivables	2,452,739	1,089,365	3,542,104
Inventories	-	59,143	59,143
Due from other funds	1,615,673	415,680	2,031,353
TOTAL ASSETS	\$ 20,934,963	\$ 3,148,258	\$ 24,083,221
LIABILITIES AND FUND BALANCES			
<u>Liabilities -</u>			
Accounts payable	\$ 723,985	\$ 17,727	\$ 741,712
Accrued liabilities	5,397,319	27,143	5,424,462
Due to other funds	92,877	1,938,476	2,031,353
Due to other governments	-	60	60
Due to TRS	3,165,231	-	3,165,231
Due to ERS	374,261	-	374,261
Unearned revenue	-	20,206	20,206
TOTAL LIABILITIES	\$ 9,753,673	\$ 2,003,612	\$ 11,757,285
<u>Fund Balances -</u>			
Nonspendable	\$ 2,625,833	\$ 59,143	\$ 2,684,976
Restricted	3,297,976	1,410,379	4,708,355
Assigned	2,255,828	-	2,255,828
Unassigned	3,001,653	(324,876)	2,676,777
TOTAL FUND BALANCE	\$ 11,181,290	\$ 1,144,646	\$ 12,325,936
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,934,963	\$ 3,148,258	

**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.

48,951,111

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

(44,802)

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	(14,654,938)
OPEB	(38,471,612)
Compensated absences	(3,339,718)
Energy performance contracts	(1,651,888)
Deferred outflow - pension	19,267,006
Net pension liability	(4,610,017)
Deferred inflow - pension	(1,193,647)

Net Position of Governmental Activities

\$ 16,577,431

CENTRAL SQUARE CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For Year Ended June 30, 2017

	<u>General</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES			
Real property taxes and tax items	\$ 27,300,082	\$ -	\$ 27,300,082
Charges for services	182,448	-	182,448
Use of money and property	11,840	11,860	23,700
Sale of property and compensation for loss	45,796	-	45,796
Miscellaneous	2,540,631	61,203	2,601,834
Interfund revenues	105,694	-	105,694
State sources	46,361,643	772,737	47,134,380
Federal sources	93,230	2,926,097	3,019,327
Sales	-	477,345	477,345
TOTAL REVENUES	<u>\$ 76,641,364</u>	<u>\$ 4,249,242</u>	<u>\$ 80,890,606</u>
EXPENDITURES			
General support	\$ 8,204,992	\$ -	\$ 8,204,992
Instruction	34,871,043	2,552,610	37,423,653
Pupil transportation	4,129,409	971,530	5,100,939
Employee benefits	18,037,371	619,893	18,657,264
Debt service - principal	-	5,881,691	5,881,691
Debt service - interest	-	793,417	793,417
Cost of sales	-	639,152	639,152
Other expenses	-	566,693	566,693
Capital outlay	-	186,132	186,132
TOTAL EXPENDITURES	<u>\$ 65,242,815</u>	<u>\$ 12,211,118</u>	<u>\$ 77,453,933</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 11,398,549</u>	<u>\$ (7,961,876)</u>	<u>\$ 3,436,673</u>
OTHER FINANCING SOURCES (USES)			
Transfers - in	\$ -	\$ 7,119,598	\$ 7,119,598
Transfers - out	(7,118,271)	(1,327)	(7,119,598)
Proceeds from obligations	-	909,938	909,938
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (7,118,271)</u>	<u>\$ 8,028,209</u>	<u>\$ 909,938</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 4,280,278</u>	<u>\$ 66,333</u>	<u>\$ 4,346,611</u>
FUND BALANCE, BEGINNING OF YEAR	<u>6,901,012</u>	<u>1,078,313</u>	<u>7,979,325</u>
FUND BALANCE, END OF YEAR	<u>\$ 11,181,290</u>	<u>\$ 1,144,646</u>	<u>\$ 12,325,936</u>

CENTRAL SQUARE 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, 2017

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS

\$ 4,346,611

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	\$ 186,132	
Additions to Assets, Net	1,123,896	
Depreciation	<u>(2,911,883)</u>	
		(1,601,855)

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	\$ 5,881,691	
Proceeds from Bond Issuance	(909,938)	
Unamortized Bond Premium and Costs	<u>35,619</u>	
		5,007,372

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 26,937

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. (3,299,155)

(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	3,455,937
Employees' Retirement System	(32,324)

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>1,821,729</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 9,725,252

CENTRAL SQUARE CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2017

	Private Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 184,924	\$ 155,799
Receivable from general fund	-	142,750
TOTAL ASSETS	\$ 184,924	\$ 298,549
LIABILITIES		
Extraclassroom activity balances	\$ -	\$ 119,333
Other liabilities	-	179,216
TOTAL LIABILITIES	\$ -	\$ 298,549
NET POSITION		
Restricted for scholarships	\$ 184,924	
TOTAL NET POSITION	\$ 184,924	

**Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2017**

	Private Purpose Trust
ADDITIONS	
Contributions	\$ 25,950
Investment earnings	105
TOTAL ADDITIONS	\$ 26,055
DEDUCTIONS	
Scholarships and donations	\$ 25,825
TOTAL DEDUCTIONS	\$ 25,825
CHANGE IN NET POSITION	\$ 230
NET POSITION, BEGINNING OF YEAR	184,694
NET POSITION, END OF YEAR	\$ 184,924

CENTRAL SQUARE SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2017

I. Summary of Significant Accounting Policies

The financial statements of the Central Square 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 Central Square 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 nine 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.

(I.) (Continued)

B. Joint Venture

The District is a component of the Oswego County Board of Cooperative Educational Services (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.

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 \$8,317,305 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$3,242,174.

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.

(I.) (Continued)

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.

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

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.

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

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.

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

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

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year.

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 22, 2016. Taxes are collected during the period September 1, 2016 to November 1, 2016.

Uncollected real property taxes are subsequently enforced by the Counties in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties 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.

(I.) (Continued)

G. Inter-fund 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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures 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.

J. Receivables

Receivables are shown net of an allowance for uncollectible accounts, when applicable. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

(I.) (Continued)

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 inventorable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the 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. 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 \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

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

M. 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)

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (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. Last 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.

O. 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.

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

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)

P. Other Benefits

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

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.

Q. 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.

R. 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:

Reserve For Tax Certiorari	<u>Total</u> 79,705
Total Net Position - Restricted for Other Purposes	<u>\$ 79,705</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>Total</u>
Inventory in school lunch	\$ 59,143
Self insurance cash flow reserve	1,360,100
Noncurrent receivables	<u>1,265,733</u>
Total Nonspendable Fund Balance	<u>\$ 2,684,976</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:

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.

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

(I.) (Continued)

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.

Restricted fund balances include the following:

<u>General Fund -</u>	
Employee Benefit Accrued Liability	2,057,369
Workers' Compensation	1,160,902
Tax Certiorari	79,705
<u>Capital Fund -</u>	
Capital Projects	114,154
<u>Debt Service Fund -</u>	
Reserve For Bad Debt	1,296,225
Total Restricted Funds	<u>\$ 4,708,355</u>

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, 2017.

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 \$98,000 are considered significant and are summarized below:

- Central services at \$912,431, Instruction at \$115,266, and employee benefits at \$159,795.

Assigned fund balances include the following:

General Fund-Encumbrances	\$ 1,255,828
General Fund-Appropriated Fund Balance	1,000,000
Total Assigned Fund Balance	<u>\$ 2,255,828</u>

(I.) (Continued)

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 and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

Unassigned Fund Balance - 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.

S. **New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2017, the District implemented the following new standards issued by GASB:

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*, effective for the year ended June 30, 2017.

The GASB has issued Statement No. 77, *Tax Abatement Disclosures*, effective for the year ended June 30, 2017.

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

The GASB has issued Statement No. 82, *Pension Issues—an amendment of GASB No. 67, No. 68, and No. 73*, effective for the year ended June 30, 2017.

T. **Future Changes in Accounting Standards**

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.

GASB has issued Statement 84, *Fiduciary Activities*, which will effective for the periods beginning after December 15, 2018.

(I.) (Continued)

GASB has issued Statement 85, *Omnibus 2017*, which will be effective for the periods beginning after June 15, 2017

GASB has issued Statement 86, *Certain Debt Extinguishment Issues*, which will be effective for the periods beginning after June 15, 2017.

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after December 15, 2019.

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 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. There were no budget amendments in the year ended June 30, 2017.

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.

C. Deficit Fund Balance – School Lunch Fund

As indicated in the financial statements, the District's School Lunch program had a net operating loss of \$60,967, which resulted in a deficit fund balance of \$265,733 at June 30, 2017. This deficit is a result of expenditures increasing at a higher rate than revenues.

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 (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		1,312,509
Collateralized within Trust department or agent		17,044,349
Total	\$	<u>18,356,858</u>

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 \$4,708,355 within the governmental funds and \$184,924 in the fiduciary funds.

IV. Receivables

Receivables at June 30, 2017 for individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	
Accounts Receivable	\$ 24,708	\$ -	\$ 5,514	\$ 30,222
Due From State and Federal	2,428,031	1,014,319	69,532	3,511,882
Total	<u>\$ 2,452,739</u>	<u>\$ 1,014,319</u>	<u>\$ 75,046</u>	<u>\$ 3,542,104</u>

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, 2017 were as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,615,673	\$ 92,877	\$ -	\$ 7,118,271
Special Aid Fund	92,877	1,163,719	92,877	-
School Lunch Fund	-	451,954	50,000	-
Debt Service Fund	322,803	-	6,676,435	-
Capital Projects Fund	-	322,803	300,286	1,327
Total government activities	\$ 2,031,353	\$ 2,031,353	\$ 7,119,598	\$ 7,119,598

Inter-fund 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, school lunch programs and debt service expenditures.

VI. Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2017</u>
<u>Governmental Activities:</u>				
<u>Capital assets that are not depreciated -</u>				
Land	\$ 425,000	\$ -	\$ -	\$ 425,000
<i>Total Nondepreciable</i>	<u>\$ 425,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 425,000</u>
<u>Capital assets that are depreciated -</u>				
Buildings and improvements	\$ 96,332,597	\$ 186,132	\$ -	\$ 96,518,729
Machinery and equipment	10,353,970	1,284,858	(1,093,992)	10,544,836
<i>Total Depreciated Assets</i>	<u>\$ 106,686,567</u>	<u>\$ 1,470,990</u>	<u>\$ (1,093,992)</u>	<u>\$ 107,063,565</u>
<u>Less accumulated depreciation -</u>				
Buildings and improvements	\$ 50,451,719	\$ 1,940,106	\$ -	\$ 52,391,825
Machinery and equipment	6,106,882	971,777	(933,030)	6,145,629
<i>Total accumulated depreciation</i>	<u>\$ 56,558,601</u>	<u>\$ 2,911,883</u>	<u>\$ (933,030)</u>	<u>\$ 58,537,454</u>
<i>Total capital assets depreciated, net of accumulated depreciation</i>	<u>\$ 50,127,966</u>	<u>\$ (1,440,893)</u>	<u>\$ (160,962)</u>	<u>\$ 48,526,111</u>
Total Capital Assets	<u>\$ 50,552,966</u>	<u>\$ (1,440,893)</u>	<u>\$ (160,962)</u>	<u>\$ 48,951,111</u>

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

<u>Governmental Activities:</u>	
General government support	\$ 34,234
Instruction	2,012,031
Pupil transportation	852,654
School lunch	12,964
Total Depreciation Expense	<u>\$ 2,911,883</u>

VII. Long-Term Debt Obligations

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

	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable -					
Serial Bonds	\$ 19,201,724	\$ 909,938	\$ 5,456,724	\$ 14,654,938	\$ 2,734,938
Energy Performance Contracts	2,076,855	-	424,967	1,651,888	445,051
Total Bonds and Notes Payable	\$ 21,278,579	\$ 909,938	\$ 5,881,691	\$ 16,306,826	\$ 3,179,989
Other Liabilities -					
Net Pension Liability	\$ 4,901,046	\$ -	\$ 291,029	\$ 4,610,017	\$ -
OPEB	35,172,457	3,299,155	-	38,471,612	-
Compensated Absences	5,161,447	-	753,336	4,408,111	1,068,393
Total Other Liabilities	\$ 45,234,950	\$ 3,299,155	\$ 1,044,365	\$ 47,489,740	\$ 1,068,393
Total Long-Term Obligations	\$ 66,513,529	\$ 4,209,093	\$ 6,926,056	\$ 63,796,566	\$ 4,248,382

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

Existing serial and statutory bond obligations:

Description	Issue Date	Final Maturity	Interest Rate	Amount Outstanding 6/30/2017
Serial Bonds -				
Buses	2013	2018	1.00%-1.75%	\$ 145,000
Buses	2014	2019	1.75%-2.00%	335,000
Construction	2013	2019	5.00%	1,465,000
Refunded Bond	2016	2024	2.00%-5.00%	4,245,000
Buses	2015	2020	1.25%-1.50%	500,000
Buses	2016	2021	1.60%-1.80%	725,000
BOCES Project	2013	2028	2.25%-4.00%	5,575,000
Refunded Bond	2012	2018	2.00%-4.00%	170,000
Construction	2004	2018	3.25%-3.75%	585,000
Buses	2017	2022	1.00%-2.00%	909,938
Total Serial Bonds				\$ 14,654,938
Energy Performance Contract -	2006	2021		\$ 1,651,888

(VII.) (Continued)

The following is a summary of debt service requirements:

<u>Year</u>	<u>Serial Bonds</u>		<u>Energy Performance Contract</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 2,734,938	\$ 520,150	\$ 445,051	\$ 69,046
2019	1,895,000	430,519	466,085	48,012
2020	1,775,000	373,196	488,112	25,985
2021	1,650,000	324,529	252,640	4,409
2022	1,520,000	264,950	-	-
2023-27	4,485,000	560,925	-	-
2028	595,000	23,800	-	-
Total	\$ 14,654,938	\$ 2,498,069	\$ 1,651,888	\$ 147,452

Interest on long-term debt for June 30, 2017 was composed of:

Interest paid	\$ 793,417
<u>Less: interest accrued in the prior year</u>	<u>(71,739)</u>
<u>Plus: interest accrued in the current year</u>	<u>44,802</u>
Total interest expense	\$ 766,480

VIII. Pension Plans

A. General Information

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

B. Provisions and Administration

A 10 member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the system, the election is irrevocable. The New York State Constitution provides that pension 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nysttrs.org.

(VIII.) (Continued)

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of 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. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

C. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 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 TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year.

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2017:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2017	\$ 1,260,715	\$ 3,165,231

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

At June 30, 2017, 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, 2017 for ERS and June 30, 2016 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

(VIII.) (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
Net pension assets/(liability)	\$ (2,872,914)	\$ (1,737,103)
District's portion of the Plan's total net pension asset/(liability)	0.030575%	0.162188%

For the year ended June 30, 2017, the District recognized pension expenses of \$1,667,303 for ERS and \$2,903,242 for TRS. At June 30, 2017 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expensed and actual experience	\$ 71,993	\$ -	\$ 436,268	\$ 564,308
Changes of assumptions	981,493	9,895,643	-	-
Net difference between projected and actual earnings on pension plan investments	573,837	3,905,920	-	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	81,874	342,086	8,038	185,033
Subtotal	\$ 1,709,197	\$ 14,143,649	\$ 444,306	\$ 749,341
District's contributions subsequent to the measurement date	374,261	3,039,899	-	-
Grand Total	\$ 2,083,458	\$ 17,183,548	\$ 444,306	\$ 749,341

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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2017	\$ -	\$ 1,238,101
2018	565,417	1,238,101
2019	565,417	4,271,546
2020	508,867	3,327,753
2021	(374,810)	1,542,395
Thereafter	-	1,776,412
Total	\$ 1,264,891	\$ 13,394,308

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:

(VIII.) (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
Actuarial valuation date	April 1, 2016	June 30, 2015
Interest rate	7.00%	7.50%
Salary scale	3.80%	4.01% - 10.91%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.50%	2.50%
COLA's	1.30%	1.50%

For ERS, annuitant mortality rates are based on Society of Actuaries Scale MP-2014 System's experience with adjustments for mortality improvements based on MP-2017. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale AA.

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:

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
<u>Asset Type -</u>		
Cash	-0.25%	-
Inflation-index bonds	1.50%	-
Domestic equity	4.55%	6.10%
International equity	6.35%	7.30%
Real estate	5.80%	5.40%
Alternative investments	0.00%	9.20%
Domestic fixed income securities	0.00%	1.00%
Global fixed income securities	0.00%	0.80%
Bonds/mortgages	1.31%	3.10%
Short-term	0.00%	0.01%
Private equity	7.75%	-
Absolute return strategies	4.00%	-
Opportunistic portfolios	5.89%	-
Real assets	5.54%	-

(VIII.) (Continued)

F. Discount Rate

The discount rate used to calculate the total pension liability was 7% for ERS and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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% for ERS and 7.5% 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% for ERS and 6.5% for TRS) or 1-percentagepoint higher (8% for ERS and 8.5% for TRS) than the current rate :

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (9,175,519)	\$ (2,872,914)	\$ 2,455,926
	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
<u>TRS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (22,664,453)	\$ (1,737,103)	\$ 15,815,662

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:

	(In Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
Employers' total pension liability	\$ 177,400,586	\$ 108,577,184
Plan net position	168,004,363	107,506,142
Employers' net pension asset/(liability)	<u>\$ (9,396,223)</u>	<u>\$ (1,071,042)</u>
Ration of plan net position to the employers' total pension asset/(liability)	94.70%	99.01%

(VIII.) (Continued)

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$374,261.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2017 through a state aid intercept. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$3,165,231.

IX. Other Postemployment Benefits – District-Wide

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, 2017 the District recognized \$3,502,172 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of June 30, 2017 which indicates that the total liability for other postemployment benefits is \$86,766,778.

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:

(IX.) (Continued)

Annual required contribution	\$ 6,360,074
Interest on net OPEB obligation	1,758,623
Adjustment to annual required contribution	(1,317,370)
Annual OPEB cost (expense)	<u>\$ 6,801,327</u>
Contributions made	3,502,172
Increase in net OPEB obligation	<u>\$ 3,299,155</u>
Net OPEB obligation - beginning of year	35,172,457
Net OPEB obligation - end of year	<u><u>\$ 38,471,612</u></u>

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 2017 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2017	\$ 6,801,327	51.49%	\$ 38,471,612
6/30/2016	\$ 6,680,550	36.30%	\$ 35,172,457
6/30/2015	\$ 6,368,192	47.40%	\$ 30,917,707

Funded Status and Funding Progress - As of June 30, 2017, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$86,766,778, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$86,766,778. The covered payroll (annual payroll of active employees covered by the plan) was \$32,289,928, and the ratio of the UAAL to the covered payroll was 268.7%.

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.

(IX.) (Continued)

In the June 30, 2017 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 5.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5.6% initially, reduced by decrements to an ultimate rate of 3.94%. Both rates included a 2.2% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017, was twenty-one 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. Minimum Premium Medical Plan

The District participates in a minimum premium medical plan administered by Blue Cross/Blue Shield. The Plan is referred to as a premium credit plan. The District pays actual claim expenses and administrative charges. The District also, has stop-loss insurance coverage on specific claims in excess of \$200,000.

Liabilities are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

The incurred but not reported claims (IBNR's) are fully funded and reported in the General Fund – Accrued Liabilities at June 30, 2017.

A reconciliation of the claims recorded for 2017 are as follows:

	<u>2017</u>
Beginning liabilities	\$ -
Incurred claims	7,209,785
Claims payments	(4,209,785)
Ending liabilities	<u>\$ 3,000,000</u>

The following statistical information is presented:

<u>Year</u>	<u>Contribution</u> <u>Revenue</u>	<u>Incurred Claim</u> <u>Expense</u>
2017	\$ 4,209,785	\$ 7,209,785

Contribution revenues consist of the expenditures charged to the funds plus the employee's payroll withholding plus the retiree's contribution. There are additional revenues which offset the claim expense such as rebates and refunds which are not included in contribution revenues.

(X.) (Continued)

The Plan has funded the incurred but not yet reported claims liability. The funding of this liability indicates that the plan's self funded insurance program is fully funded.

C. Workers' Compensation

The District is a member of the Onondaga-Cortland-Madison Workers' Consortium (the Plan). Current membership of the Plan includes participants from various municipal entities. The Plan is administered by Onondaga-Cortland-Madison BOCES and utilizes a third party administrator who is responsible for processing claims, estimating liabilities and providing actuarial services. The Plan participants are charged an annual assessment which is allocated in light of comparative experience and relative exposure based on the estimated total liability of the participating members actuarially computed each year.

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 period in which they are made. During the year ended June 30, 2017, the District incurred premiums or contribution expenditures totaling \$960,207. The District has established a workers' compensation reserve totaling \$1,160,902 at June 30, 2017.

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 claim and judgment expenditures of this program for the 2016-17 fiscal year totaled \$39,706. In addition, as of June 30, 2017, 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 has several pending claims as of the balance sheet date which management believes will not have a material effect on the financial statements.

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.

XII. Tax Abatement

The County of Oswego IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result the district property tax revenue was reduced \$4,730. The District received payment in lieu of tax (PILOT) payment totaling \$1,081 to help offset the property tax reduction.

XIII. Subsequent Event

1. On June 16, 2017 NYSED approved the closure of Central Square Intermediate School effective July 1, 2017.
2. On September 14, 2017 the District issued bonds in the amount of \$930,946 for the purchase of buses at 1.25-1.75% interest.

Required Supplementary Information
CENTRAL SQUARE CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Funding Progress
of Post Employment Benefit Plan
(Unaudited)
For Year Ended June 30, 2017

Actuarial Valuation Date June 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL As a Percentage of Covered Payroll (4) / (5)
2009	\$ -	\$ 75,251,900	0.00%	\$ 75,251,900	\$ 33,012,109	227.95%
2011	\$ -	\$ 63,241,934	0.00%	\$ 63,241,934	\$ 30,625,000	206.50%
2012	\$ -	\$ 68,167,576	0.00%	\$ 68,167,576	\$ 32,508,518	209.69%
2013	\$ -	\$ 76,053,570	0.00%	\$ 76,053,570	\$ 32,948,238	230.83%
2014	\$ -	\$ 81,093,533	0.00%	\$ 81,093,533	\$ 32,725,860	247.80%
2015	\$ -	\$ 79,003,873	0.00%	\$ 79,003,873	\$ 31,135,191	253.74%
2016	\$ -	\$ 83,080,866	0.00%	\$ 83,080,866	\$ 32,040,745	259.30%
2017	\$ -	\$ 86,766,778	0.00%	\$ 86,766,778	\$ 32,289,928	268.71%

Required Supplementary Information
CENTRAL SQUARE CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability
(Unaudited)
For Year Ended June 30, 2017

NYSERS Pension Plan			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.030575%	0.030536%	0.031303%
Proportionate share of the net pension liability (assets)	\$ 2,872,914	\$ 4,901,046	\$ 1,048,432
Covered-employee payroll	\$ 8,358,104	\$ 8,360,405	\$ 8,122,247
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	34.373%	58.622%	12.908%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%

NYSTRS Pension Plan			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.162188%	0.167686%	0.160961%
Proportionate share of the net pension liability (assets)	\$ 1,737,103	\$ (17,417,225)	\$ (17,930,075)
Covered-employee payroll	\$ 25,937,709	\$ 25,425,587	\$ 25,658,509
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	6.697%	-68.503%	-69.880%
Plan fiduciary net position as a percentage of the total pension liability	99.01%	110.46%	111.48%

Required Supplementary Information
CENTRAL SQUARE CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District Contributions
(Unaudited)
For Year Ended June 30, 2017

NYSERS Pension Plan			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,260,715	\$ 1,233,171	\$ 1,379,655
Contributions in relation to the contractually required contribution	<u>(1,260,715)</u>	<u>(1,233,171)</u>	<u>(1,379,655)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 8,358,104	\$ 8,360,405	\$ 8,122,247
Contributions as a percentage of covered-employee payroll	15.08%	14.75%	16.99%

NYSTRS Pension Plan			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 3,165,231	\$ 3,318,751	\$ 4,415,580
Contributions in relation to the contractually required contribution	<u>(3,165,231)</u>	<u>(3,318,751)</u>	<u>(4,415,580)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 25,937,709	\$ 25,425,587	\$ 25,658,509
Contributions as a percentage of covered-employee payroll	12.20%	13.05%	17.21%

Required Supplementary Information
CENTRAL SQUARE 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, 2017

	Original	Amended	Current	Over (Under)
	<u>Budget</u>	<u>Budget</u>	<u>Year's</u>	<u>Revised</u>
			<u>Revenues</u>	<u>Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 22,465,857	\$ 22,465,857	\$ 22,517,789	\$ 51,932
Real property tax items	4,714,060	4,714,060	4,782,293	68,233
Charges for services	180,000	180,000	182,448	2,448
Use of money and property	45,000	45,000	11,840	(33,160)
Sale of property and compensation for loss	-	-	45,796	45,796
Miscellaneous	675,000	675,000	2,540,631	1,865,631
Interfund revenues	105,694	105,694	105,694	-
State Sources -				
Basic formula	42,235,451	42,235,451	36,082,980	(6,152,471)
Lottery aid	-	-	6,564,333	6,564,333
BOCES	3,455,036	3,455,036	3,242,174	(212,862)
Textbooks	312,443	312,443	229,971	(82,472)
All Other Aid -				
Computer software	70,059	70,059	127,816	57,757
Library loan	-	-	22,471	22,471
Handicapped students	-	-	51,898	51,898
Other aid	-	-	40,000	40,000
Federal Sources	-	-	93,230	93,230
TOTAL REVENUES	\$ 74,258,600	\$ 74,258,600	\$ 76,641,364	\$ 2,382,764
Appropriated fund balance	\$ 1,000,000	\$ 1,000,000		
Prior year encumbrances	\$ 772,139	\$ 772,139		
TOTAL REVENUES AND FUND BALANCE	\$ 76,030,739	\$ 76,030,739		

Required Supplementary Information
CENTRAL SQUARE 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, 2017

	Original Budget	Amended Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
EXPENDITURES					
General Support -					
Board of education	\$ 54,790	\$ 49,843	\$ 37,115	\$ 350	\$ 12,378
Central administration	225,387	173,359	168,340	-	5,019
Finance	521,662	471,789	462,246	1,264	8,279
Staff	301,262	315,721	304,686	3,730	7,305
Central services	5,982,138	6,377,611	5,384,188	912,431	80,992
Special items	1,852,295	1,858,439	1,848,417	399	9,623
Instructional -					
Instruction, administration and improvement	2,621,273	2,777,407	2,593,147	115,266	68,994
Teaching - regular school	16,971,855	17,256,497	17,140,116	30,166	86,215
Programs for children with handicapping conditions	8,106,612	8,717,865	8,706,367	86	11,412
Occupational education	1,873,010	1,850,007	1,845,948	1,353	2,706
Instructional media	1,597,537	1,708,823	1,689,068	11,449	8,306
Pupil services	2,847,154	2,953,749	2,896,397	6,202	51,150
Pupil Transportation	4,335,396	4,335,396	4,129,409	13,337	192,650
Employee Benefits	21,740,368	19,716,178	18,037,371	159,795	1,519,012
TOTAL EXPENDITURES	<u>\$ 69,030,739</u>	<u>\$ 68,562,684</u>	<u>\$ 65,242,815</u>	<u>\$ 1,255,828</u>	<u>\$ 2,064,041</u>
Other Uses -					
Transfers - out	\$ 7,000,000	\$ 7,468,055	\$ 7,118,271	\$ -	\$ 349,784
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 76,030,739</u>	<u>\$ 76,030,739</u>	<u>\$ 72,361,086</u>	<u>\$ 1,255,828</u>	<u>\$ 2,413,825</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	\$ 4,280,278		
FUND BALANCE, BEGINNING OF YEAR	<u>6,901,012</u>	<u>6,901,012</u>	<u>6,901,012</u>		
FUND BALANCE, END OF YEAR	<u>\$ 6,901,012</u>	<u>\$ 6,901,012</u>	<u>\$ 11,181,290</u>		

Note to Required Supplementary Information:

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

Supplementary Information
CENTRAL SQUARE 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, 2017

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget	\$ 75,258,600
Prior year's encumbrances	<u>772,139</u>
Original Budget	\$ 76,030,739
FINAL BUDGET	<u>\$ 76,030,739</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2017-18 voter approved expenditure budget	\$ 75,041,313
<u>Unrestricted fund balance:</u>	
Assigned fund balance	\$ 2,255,828
Unassigned fund balance	<u>3,001,653</u>
Total Unrestricted fund balance	<u>\$ 5,257,481</u>
<u>Less adjustments:</u>	
Appropriated fund balance	\$ 1,000,000
Encumbrances included in assigned fund balance	<u>1,255,828</u>
Total adjustments	<u>\$ 2,255,828</u>
General fund fund balance subject to Section 1318 of	
Real Property Tax Law	<u>3,001,653</u>
ACTUAL PERCENTAGE	<u>4.00%</u>

Supplementary Information
CENTRAL SQUARE CENTRAL SCHOOL DISTRICT, NEW YORK
CAPITAL PROJECTS FUND
Schedule of Project Expenditures
June 30, 2017

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance
			Prior Years	Current Year	Total		Obligations	Local Sources	Transfers	Total	
Buses 2016-17	\$ 909,938	\$ 909,938	\$ -	\$ 908,611	\$ 908,611	\$ 1,327	\$ 909,938	\$ -	\$ (1,327)	\$ 908,611	\$ -
Emergency Septic Project	301,000	301,000	-	186,132	186,132	114,868	-	300,286	-	300,286	114,154
TOTAL	\$ 1,210,938	\$ 1,210,938	\$ -	\$ 1,094,743	\$ 1,094,743	\$ 116,195	\$ 909,938	\$ 300,286	\$ (1,327)	\$ 1,208,897	\$ 114,154

Supplementary Information
CENTRAL SQUARE CENTRAL SCHOOL DISTRICT, NEW YORK
Combined Balance Sheet - Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Special Aid Fund	School Lunch Fund	Debt Service Fund	Capital Projects Fund	
ASSETS					
Cash and cash equivalents	\$ 56,523	\$ 106,762	\$ 983,828	\$ 436,957	\$ 1,584,070
Receivables	1,014,319	75,046	-	-	1,089,365
Inventories	-	59,143	-	-	59,143
Due from other funds	92,877	-	322,803	-	415,680
TOTAL ASSETS	\$ 1,163,719	\$ 240,951	\$ 1,306,631	\$ 436,957	\$ 3,148,258
LIABILITIES AND FUND BALANCES					
<u>Liabilities -</u>					
Accounts payable	\$ -	\$ 17,727	\$ -	\$ -	\$ 17,727
Accrued liabilities	-	16,737	10,406	-	27,143
Due to other funds	1,163,719	451,954	-	322,803	1,938,476
Due to other governments	-	60	-	-	60
Unearned revenue	-	20,206	-	-	20,206
TOTAL LIABILITIES	\$ 1,163,719	\$ 506,684	\$ 10,406	\$ 322,803	\$ 2,003,612
<u>Fund Balances -</u>					
Nonspendable	\$ -	\$ 59,143	\$ -	\$ -	\$ 59,143
Restricted	-	-	1,296,225	114,154	1,410,379
Unassigned	-	(324,876)	-	-	(324,876)
TOTAL FUND BALANCE	\$ -	\$ (265,733)	\$ 1,296,225	\$ 114,154	\$ 1,144,646
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,163,719	\$ 240,951	\$ 1,306,631	\$ 436,957	\$ 3,148,258

Supplementary Information
CENTRAL SQUARE CENTRAL SCHOOL DISTRICT, NEW YORK
Combined Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For Year Ended June 30, 2017

	Special Revenue Funds		Debt	Capital	Total
	Special	School	Service	Projects	Nonmajor
	Aid	Lunch			Governmental
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
REVENUES					
Use of money and property	\$ -	\$ 41	\$ 11,819	\$ -	\$ 11,860
Miscellaneous	-	61,203	-	-	61,203
State sources	744,036	28,701	-	-	772,737
Federal sources	2,066,884	859,213	-	-	2,926,097
Sales	-	477,345	-	-	477,345
TOTAL REVENUES	\$ 2,810,920	\$ 1,426,503	\$ 11,819	\$ -	\$ 4,249,242
EXPENDITURES					
Instruction	\$ 2,552,610	\$ -	\$ -	\$ -	\$ 2,552,610
Pupil transportation	62,919	-	-	908,611	971,530
Employee benefits	288,268	\$ 331,625	\$ -	\$ -	\$ 619,893
Debt service - principal	-	-	5,881,691	-	5,881,691
Debt service - interest	-	-	793,417	-	793,417
Cost of sales	-	639,152	-	-	639,152
Other expenses	-	566,693	-	-	566,693
Capital outlay	-	-	-	186,132	186,132
TOTAL EXPENDITURES	\$ 2,903,797	\$ 1,537,470	\$ 6,675,108	\$ 1,094,743	\$ 12,211,118
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (92,877)	\$ (110,967)	\$ (6,663,289)	\$ (1,094,743)	\$ (7,961,876)
OTHER FINANCING SOURCES (USES)					
Transfers - in	\$ 92,877	\$ 50,000	\$ 6,676,435	\$ 300,286	\$ 7,119,598
Transfers - out	-	-	-	(1,327)	(1,327)
Proceeds from obligations	-	-	-	909,938	909,938
TOTAL OTHER FINANCING SOURCES (USES)	\$ 92,877	\$ 50,000	\$ 6,676,435	\$ 1,208,897	\$ 8,028,209
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ (60,967)	\$ 13,146	\$ 114,154	\$ 66,333
FUND BALANCE, BEGINNING OF YEAR	-	(204,766)	1,283,079	-	1,078,313
FUND BALANCE, END OF YEAR	\$ -	\$ (265,733)	\$ 1,296,225	\$ 114,154	\$ 1,144,646

Supplementary Information
CENTRAL SQUARE CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
For Year Ended June 30, 2017

Capital assets, net		\$ 48,951,111
Deduct:		
Short-term portion of bonds payable	\$ 2,734,938	
Long-term portion of bonds payable	11,920,000	
Short-term portion of energy performance contracts	445,051	
Long-term portion of energy performance contracts	<u>1,206,837</u>	
		<u>16,306,826</u>
Net Investment in Capital Assets		<u>\$ 32,644,285</u>

Supplementary Information
CENTRAL SQUARE CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2017

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>CFDA</u> <u>Number</u>	<u>Grantor</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-17-0713	\$ 862,390
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-16-0713	4,450
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-17-0713	35,315
Total Special Education Cluster IDEA				<u>\$ 902,155</u>
Title IIA - Teacher Training	84.367	N/A	0147-16-2345	93,011
Title IIA - Teacher Training	84.367	N/A	0147-17-2345	77,405
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-16-2345	129,907
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-17-2345	864,405
Total U.S. Department of Education				<u>\$ 2,066,883</u>
<u>U.S. Department of Agriculture:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Child Nutrition Cluster -</u>				
National School Lunch Program	10.555	N/A	N/A	\$ 617,191
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	N/A	87,234
National School Breakfast Program	10.553	N/A	N/A	154,788
Total Child Nutrition Cluster				<u>\$ 859,213</u>
Total U.S. Department of Agriculture				<u>\$ 859,213</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 2,926,096</u></u>

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
Central Square 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 Central Square Central School District, New York, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Central Square Central School District, New York's basic financial statements, and have issued our report thereon dated September 25, 2017.

Internal Control Over Financial Reporting

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

September 25, 2017

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