

*WASHINGTONVILLE CENTRAL SCHOOL DISTRICT*

*GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2016*

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INDEPENDENT AUDITORS' REPORT

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

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

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

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

**Auditor's Responsibility**

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

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

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

### **Unmodified Opinions**

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

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, on pages 4 through 16 and 59 through 63, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washingtonville Central School District, New York's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The prior year summarized comparative information has been derived from the District's June 30, 2015 financial statements and, in a report by other auditors dated September 4, 2015, they expressed an unmodified opinion on those financial statements.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2016 on our consideration of the Washingtonville Central School District, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Washingtonville Central School District, New York's internal control over financial reporting and compliance.

  
Mongaup Valley, New York  
September 17, 2016

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
WASHINGTONVILLE, N.Y.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016  
UNAUDITED

The discussion and analysis of Washingtonville Central School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

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

**Financial Highlights**

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

For fiscal year 2015-16 total revenues for all categories was \$88,937,591. General revenues accounted for \$84,704,891 of revenue or 95 percent of all revenues. Program specific revenues in the form of operating grants, charges for services, contributions and capital grants accounted for \$4,232,700 or 5 percent of total revenues.

The District had \$100,121,748 in total expenses. Of this amount, expenses of \$4,232,700 were offset by program specific charges for services or grants.

Key financial highlights for the governmental funds are as follows:

The Worker's Compensation Reserve has a year-end balance of \$1,717,087. The reserve continues to be monitored on an annual basis. Improved effectiveness in the monitoring of this potential liability is expected to continue utilization of the Third Party Administrator for the District program.

The District has an Employees Retirement System Reserve in the amount of \$4,299,457. The purpose of the reserve fund is to fund employer retirement contributions.

The District also created a Capital Reserve in the amount of \$4,000,000. The purpose of the reserve is to fund future capital improvement.

Board action on creating and adjusting these reserves demonstrates effective fund balance management which is important for fiscal stability.

The General Fund had \$85,037,457 in revenues and \$82,855,534 in expenses. This resulted in a net increase in fund balance in of \$2,181,923. The District is in the first phase of a multi-phase, multi-year capital project.

### **Using this Financial Report**

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

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

### **Reporting the School District as a Whole**

#### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions to ask the question, "How did we do financially in the 2015-2016 year?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the method of accounting used by most private-sector businesses. This basis of accounting considers all of the current year revenues and expenses, regardless of when cash is received or paid.

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

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

## **Governmental Activities:**

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

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

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

### **Governmental Funds**

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

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 30 to 58 of this report.

### **The School District as a Whole**

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

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

Table 1 provides a comparison of the School District's net position as of June 30, 2016 and June 30, 2015.

**Table 1**  
**Net Position**

| Assets                                      | June 30, 2016       | June 30, 2015          |
|---|---------------------|------------------------|
| Current and Other Assets                    | \$ 38,816,213       | \$ 39,526,635          |
| Non-Current Assets                          | 70,957,869          | 71,727,177             |
| <b>Total Assets</b>                         | <b>109,774,082</b>  | <b>111,253,812</b>     |
|   |                     |                        |
| <b>Total Deferred Outflows of Resources</b> | <b>9,680,613</b>    | <b>7,201,125</b>       |
|   |                     |                        |
| <b>Liabilities</b>                          |                     |                        |
| Current Liabilities                         | 7,094,515           | 16,541,959             |
| Long Term Liabilities                       | 140,058,085         | 116,366,691            |
| <b>Total Liabilities</b>                    | <b>147,152,600</b>  | <b>132,908,650</b>     |
|   |                     |                        |
| <b>Total Deferred Inflows of Resources</b>  | <b>8,541,909</b>    | <b>17,117,437</b>      |
|   |                     |                        |
| <b>Net Position</b>                         |                     |                        |
| Net Investment in Capital Assets            | 28,439,985          | 25,634,651             |
| Restricted                                  | 16,420,047          | 13,151,081             |
| Unrestricted                                | (81,099,846)        | (70,356,882)           |
| <b>Total Net Position</b>                   | <b>(36,239,814)</b> | <b>\$ (31,571,150)</b> |

The District's net position was \$(36,239,814) on June 30, 2016. This was a decrease of \$11,184,157 from the June 30, 2015 restated net position of \$(25,055,657). See Note 14 for details of the restatement.

Table 2 shows changes in net position for fiscal year 2015-2016. Comparative data is presented for fiscal year end June 30, 2015.

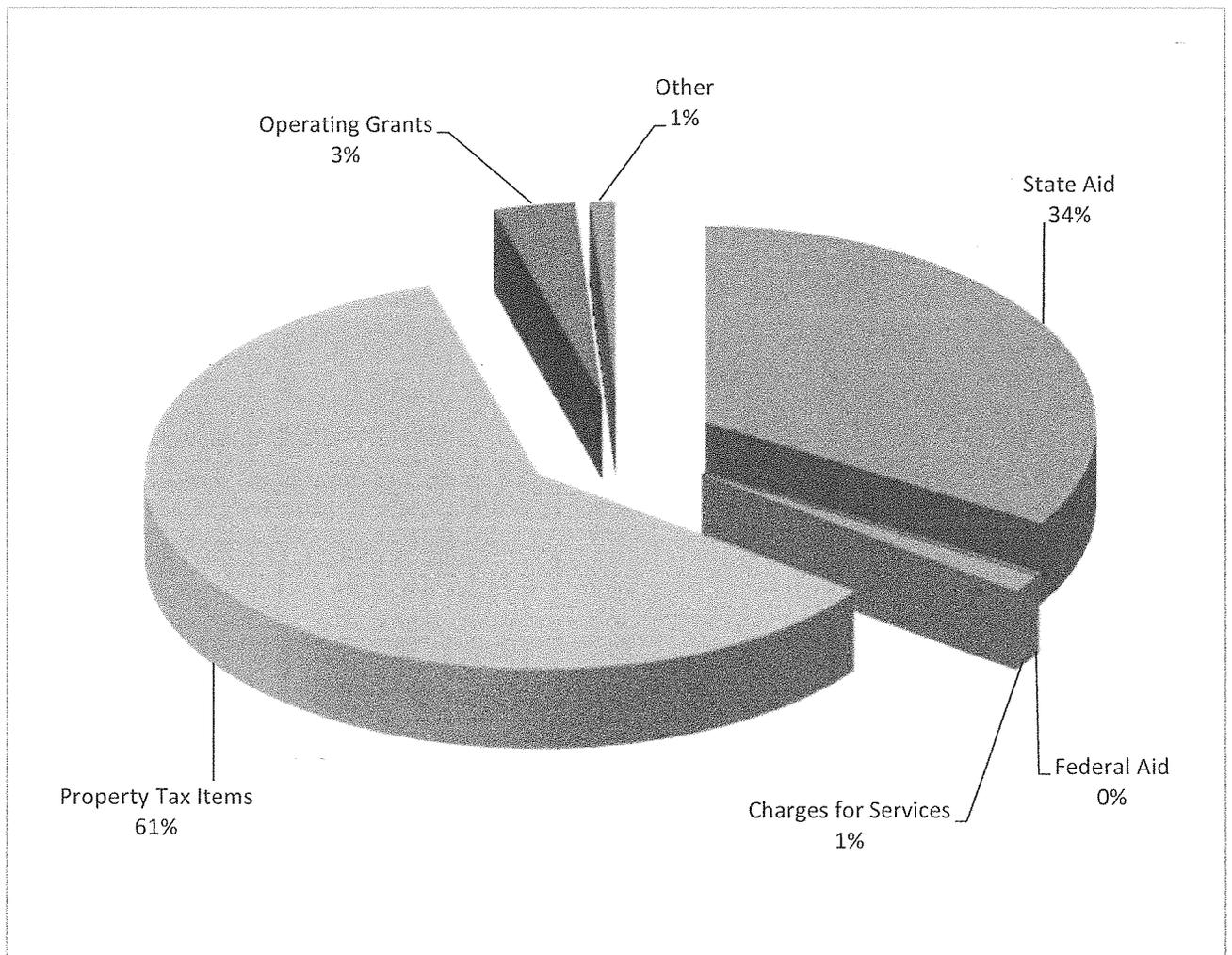
**Table 2**  
**Changes in Net Position**

| <b>REVENUES</b>                 | 6/30/2016              | 6/30/2015             |
|---------------------------------|------------------------|-----------------------|
| <b>Program Revenues:</b>        |                        |                       |
| Charges for Services            | \$1,223,970            | \$ 1,321,463          |
| Operating Grants                | 3,008,730              | 2,729,898             |
| Capital Grant                   |                        | -                     |
| <b>General Revenues:</b>        |                        |                       |
| Property Tax Items              | 46,717,806             | 46,767,719            |
| Other Tax Items                 | 7,013,253              | 6,864,400             |
| State Aid                       | 29,908,489             | 27,563,796            |
| Federal Aid                     | 122,006                | 149,277               |
| Local Sources                   | 943,337                | 1,015,289             |
| <b>Total Revenues</b>           | <b>88,937,591</b>      | <b>86,411,842</b>     |
|                                 |                        |                       |
| <b>EXPENSES</b>                 |                        |                       |
| General Support                 | 10,593,830             | 10,912,571            |
| Instruction                     | 73,609,095             | 73,469,550            |
| Pupil Transportation            | 7,360,359              | 7,283,372             |
| Debt Service                    | 4,907,940              | 753,400               |
| School Lunch Program            | 1,617,507              | 1,647,693             |
| Unallocated Depreciation        | 2,033,017              | 2,013,796             |
| <b>Total Expenses</b>           | <b>100,121,748</b>     | <b>96,080,382</b>     |
|                                 |                        |                       |
| <b>Decrease in Net Position</b> | <b>\$ (11,184,157)</b> | <b>\$ (9,668,540)</b> |

## Governmental Activities

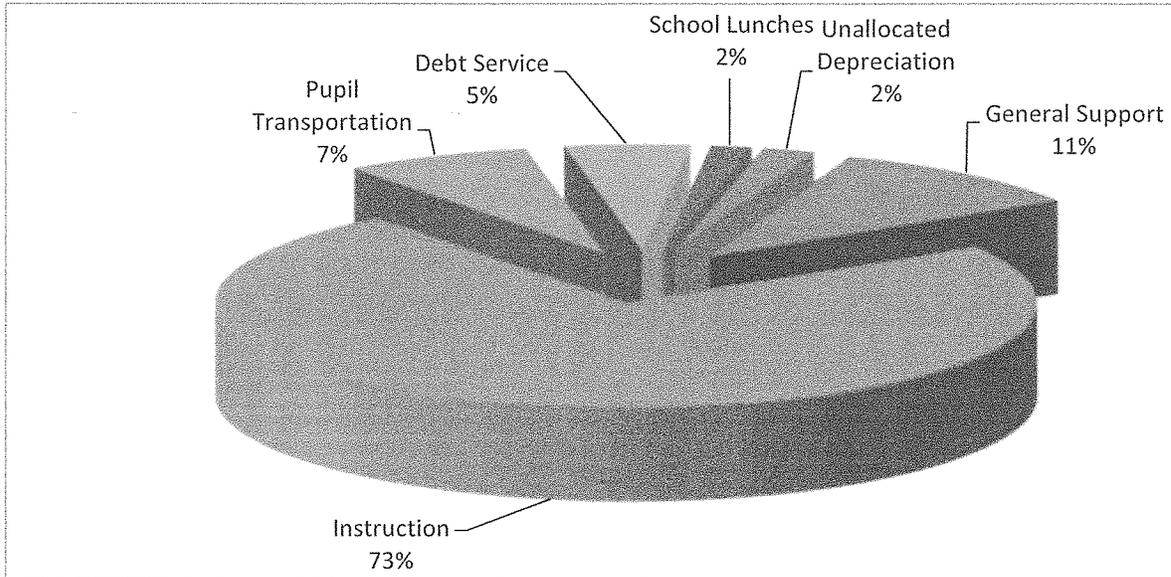
School district revenue sources are similar throughout the State. The nature of property taxes in New York creates the legal requirement to annually seek voter approval for School District operations. Property taxes and other tax items made up 61 percent of revenues for governmental activities for fiscal year 2016. State Aid, exclusive of amounts reported as program revenues, accounted for another 34 percent of revenue. The District's total revenue for the year ended June 30, 2016 was \$88,937,591. Please refer to the Statement of Activities for additional detail.

### Sources of Revenue 2015-2016



The total cost of all programs and services was \$100,121,748. Instruction comprises 73 percent of District expenses. The District strives to focus its resources to improve the instructional program for our students. Please refer to the Statement of Activities for additional detail.

### Expenses for 2015-2016



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these expenses. Table 3 shows the total cost of services and the net cost of services. The net cost shows financial burden that was placed upon the District's taxpayers by each of these functions. Information presented compares the current fiscal year end to June 30, 2015.

**Table 3  
Cost of Services**

|                          | Total Cost           | Net Cost            | Total Cost           | Net Cost             |
|--------------------------|----------------------|---------------------|----------------------|----------------------|
|                          | 2015-16              | 2015-16             | 2014-15              | 2014-15              |
| General Support          | 10,593,830           | 10,572,999          | 10,912,571           | 10,912,571           |
| Instruction              | 73,609,095           | 71,078,8446         | 73,469,550           | 71,135,289           |
| Pupil Transportation     | 7,360,359            | 7,214,284           | 7,283,372            | 7,144,355            |
| Debt Service             | 4,907,940            | 4,907,940           | 753,400              | 753,400              |
| School Lunch Program     | 1,617,507            | 81,962              | 1,647,693            | 69,610               |
| Unallocated Depreciation | 2,033,017            | 2,033,017           | 2,013,796            | 2,013,796            |
|                          |                      |                     |                      |                      |
| <b>Total Expenses</b>    | <b>\$100,121,748</b> | <b>\$95,889,048</b> | <b>\$ 96,080,382</b> | <b>\$ 92,029,021</b> |

Instructional expenses include activities dealing directly with the teaching of pupils, and the interaction between teacher and student, including extracurricular activities and technology to support classroom instruction.

General support includes all departments not directly connected to classroom instruction or transportation, and included school administration, business office, maintenance and operation of plant.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities and special programs.

Debt service, unallocated depreciation and amortization, and the school lunch program include all identifiable expenses relevant to these areas.

## The School District's Funds

Information about the School District's major funds starts on page 19. These funds are accounted for using the modified accrual basis of accounting. Total revenues and expenditures for the year ended June 30, 2016, exclusive of interfund transfers, amounted to \$89,597,183 and \$89,404,119 respectively. The net change in fund balance for the year ended June 30, 2016 for all governmental funds was an increase of \$193,064.

|                       | 2016<br>Fund Balance | 2015<br>Fund Balance<br>(Restated) | Increase<br>(Decrease) |
|-----------------------|----------------------|------------------------------------|------------------------|
| General               | \$ 31,564,923        | \$ 29,383,000                      | \$ 2,181,293           |
| Special Aid           | -                    | -                                  | -                      |
| School Lunch          | 15,254               | 6,212                              | 9,042                  |
| Capital Projects      | (1,831,022)          | 170,659                            | (2,001,681)            |
| Debt Service          | 2,163,877            | 2,160,097                          | 3,780                  |
| Total<br>Governmental | \$ 31,913,032        | \$ 31,719,968                      | \$ 193,064             |

The General Fund had a fund balance increase of \$2,181,923. This increase indicates that current year revenues were in excess of current year expenses. With the volatile fiscal environment on the local, state and federal levels, fund balance will be a necessary tool for District budget management.

The Cafeteria had an increase in fund balance of \$9,042. The increase in Cafeteria Fund balance reflects revenues in excess of current year expenses. The District continues to take steps to maximize revenues by closely monitoring of expenditures and improving menu selection to increase program participation.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year's revenues. This table excludes proceeds of long term debt and interfund transfers.

|                 | Revenue<br>2015-16  | Revenue<br>2014-15  | Increase/<br>(Decrease)<br>from<br>06/30/2015 | Percentage<br>Inc/(Dec)<br>from<br>06/30/2015 |
|-----------------|---------------------|---------------------|---|---|
| Property Taxes  | \$46,717,806        | \$46,767,719        | \$(49,913)                                    | -0.11%  |
| Other Tax Items | 7,013,253           | 6,864,400           | 148,853                                       | 2.17%   |
| Local Sources   | 2,183,418           | 2,336,752           | (153,334)                                     | -6.56%  |
| State Sources   | 30,814,012          | 28,392,333          | 2,421,679                                     | 8.53%   |
| Federal Sources | 2,218,694           | 2,050,638           | 168,056                                       | 8.20%   |
| <b>Total</b>    | <b>\$88,947,183</b> | <b>\$86,411,842</b> | <b>\$2,535,341</b>                            | <b>2.93%</b>                                  |

The increase in revenue of \$2,535,341 was mainly due to an increase in State Aid. Similar to other entities, economic conditions continue to be a factor on the District's investment and revenues generated. Remaining items were considered routine revenue variances and are detailed in the supplementary information section of the financial statements.

The following schedule represents a summary of expenditures for each of the District's funds for the fiscal year ended June 30, 2016, and the percentage increases and decreases in relation to prior year amounts. This table excludes interfund transfers.

|                      | Expenses<br>2015-16 | Expenses<br>2014-15  | Increase/<br>(Decrease)<br>from<br>06/30/2015 | Percentage<br>Inc/(Dec)<br>from<br>06/30/2015 |
|----------------------|---------------------|----------------------|---|---|
| General Support      | \$7,260,498         | \$ 8,010,533         | -750,035                                      | -9.36%  |
| Instruction          | 47,255,540          | 45,501,642           | 1,753,898                                     | 3.85%   |
| Pupil Transportation | 4,899,410           | 4,846,376            | 53,034  | 1.09%   |
| Employee Benefits    | 22,812,013          | 22,914,046           | -102,033                                      | -0.45%  |
| Debt Service         | 2,971,818           | 2,894,240            | 77,578  | 2.68%   |
| Cost of Sales        | 1,351,301           | 1,413,264            | -61,963                                       | -4.38%  |
| Capital Outlay       | 2,853,539           | 1,496,366            | 1,357,173                                     | 90.70%  |
| <b>Total</b>         | <b>89,404,119</b>   | <b>\$ 87,076,467</b> | <b>\$2,327,652</b>                            | <b>2.67%</b>                                  |

## General Fund Budget Highlights

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

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

The budget status was reviewed monthly to monitor budget allocations with recorded expenditures to ensure accurate reporting. This practice provides oversight at the next level to the payroll and accounts payable process.

## Capital Assets

At the end of fiscal year 2016, the District had \$47,772,305 invested in land, buildings, machinery and equipment and vehicles, net of \$27,573,957 in accumulated depreciation. Table 4 shows fiscal year 2016 balances compared to fiscal 2015.

**Table 4**  
**Capital Assets (Net of Depreciation)**

|                           | 6/30/2016            | 6/30/2015            |
|---------------------------|----------------------|----------------------|
| Land                      | \$ 6,891,876         | \$ 6,891,876         |
| Construction in Progress  | 2,004,427            | 92,257               |
| Building and Improvements | 34,653,037           | 35,650,865           |
| Machinery and Equipment   | 1,029,642            | 1,189,808            |
| Vehicles                  | 3,193,323            | 2,958,270            |
| <b>Total</b>              | <b>\$ 47,772,305</b> | <b>\$ 46,783,076</b> |

Overall, net capital assets increased by \$989,229. The increase is a result of current year acquisitions exceeding depreciation and disposals. For more detailed information, please refer to the Notes to the Financial Statements.

## Debt Administration

At June 30, 2016, the School District had \$135,476,792 of outstanding long-term debt. Table 5 represents fiscal year 2016 balances compared to fiscal year 2015.

**Table 5**  
**Outstanding Debt**

|                             | 6/30/2016             | 6/30/2015<br>(Restated) |
|-----------------------------|-----------------------|-------------------------|
| Serial Bonds                | \$ 17,525,000         | \$ 18,825,000           |
| Energy Performance Contract | 1,807,320             | 2,150,758               |
| Compensated Absences        | 3,206,279             | 2,855,618               |
| Net OPEB Obligation         | 112,938,193           | 93,563,538              |
| <b>Total</b>                | <b>\$ 135,476,792</b> | <b>\$ 117,394,914</b>   |

Serial bonds decreased overall by \$1,300,000 due to repayment of principal. In addition, outstanding debt decreased due to repayment of principal in conjunction with the Energy Performance Contract of \$343,438 an increase in Compensated Absences in the amount of \$350,661 and Other Post-Employment Benefits Obligation net increase in the amount of \$19,374,655.

**For the Future**

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

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

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

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

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30,

|                                      | <u>2016</u>            | <u>2015</u>            |
|--------------------------------------|------------------------|------------------------|
| ASSETS                               |                        |                        |
| Current Assets:                      |                        |                        |
| Cash                                 | \$ 19,581,132          | \$ 23,996,292          |
| Cash - Restricted                    | 16,420,047             | 13,151,081             |
| Accounts Receivable                  | 83,293                 | 132,957                |
| State And Federal Aid Receivable     | 1,822,252              | 1,467,793              |
| Due From Other Governments           | 873,883                | 757,147                |
| Inventory                            | <u>35,606</u>          | <u>21,365</u>          |
| Total Current Assets                 | <u>38,816,213</u>      | <u>39,526,635</u>      |
| Non-Current Assets                   |                        |                        |
| Net Pension Asset                    | 23,185,564             | 24,944,101             |
| Capital Assets                       | 75,346,262             | 73,601,121             |
| Less: Accumulated Depreciation       | <u>(27,573,957)</u>    | <u>(26,818,045)</u>    |
| Total Non-Current Assets             | <u>70,957,869</u>      | <u>71,727,177</u>      |
| TOTAL ASSETS                         | <u>109,774,082</u>     | <u>111,253,812</u>     |
| DEFERRED OUTFLOWS OF RESOURCES       |                        |                        |
| Pensions                             | 9,520,279              | 7,028,458              |
| Deferred Charge on Refunding, Net    | <u>160,334</u>         | <u>172,667</u>         |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>9,680,613</u>       | <u>7,201,125</u>       |
| LIABILITIES                          |                        |                        |
| Accounts Payable                     | 854,668                | 556,554                |
| Accrued Liabilities                  | 393,162                | 6,604,480              |
| Due To Other Governments             | 228,398                | 202                    |
| Due To TRS                           | 4,778,124              | 6,148,537              |
| Due To ERS                           | 484,965                | 485,230                |
| Unearned Revenues                    | 55,128                 | 40,858                 |
| Compensated Absences                 | 300,070                | 2,706,098              |
| Non-Current Liabilities:             |                        |                        |
| Due Within One Year                  | 6,984,311              | 2,305,771              |
| Due Beyond One Year                  | 128,492,481            | 113,053,810            |
| Net Pension Liability                | <u>4,581,293</u>       | <u>1,007,110</u>       |
| TOTAL LIABILITIES                    | <u>147,152,600</u>     | <u>132,908,650</u>     |
| DEFERRED INFLOWS OF RESOURCES        |                        |                        |
| Pensions                             | <u>8,541,909</u>       | <u>17,117,437</u>      |
| TOTAL DEFERRED INFLOWS OF RESOURCES  | <u>8,541,909</u>       | <u>17,117,437</u>      |
| NET POSITION                         |                        |                        |
| Net Investment In Capital Assets     | 28,439,985             | 25,634,651             |
| Restricted                           | 16,420,047             | 13,151,081             |
| Unrestricted                         | <u>(81,099,846)</u>    | <u>(70,356,882)</u>    |
| TOTAL NET POSITION                   | <u>\$ (36,239,814)</u> | <u>\$ (31,571,150)</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE NET FIGURES FOR THE YEAR ENDED JUNE 30, 2015)

|  | PROGRAM REVENUES   |                                 |   |                          | NET (EXPENSE) REVENUE<br>AND CHANGE<br>IN NET POSITION |                        |
|--|--------------------|---------------------------------|---|--------------------------|--|------------------------|
|  | <u>EXPENSES</u>    | <u>CHARGES<br/>FOR SERVICES</u> | <u>OPERATING<br/>GRANTS AND<br/>CONTRIBUTIONS</u> | <u>CAPITAL<br/>GRANT</u> | <u>2016</u>  | <u>2015</u>            |
|  |                    |                                 |   |                          |  |                        |
| FUNCTIONS AND PROGRAMS:                                      |                    |                                 |   |                          |  |                        |
| General Support  | \$ 10,593,830      | \$ 20,831                       | \$ -  | \$ -                     | \$ (10,572,999)  | \$ (10,912,571)        |
| Instruction  | 73,609,095         | 285,709                         | 2,244,540   | -                        | (71,078,846)   | (71,135,289)           |
| Pupil Transportation   | 7,360,359          | 15,553                          | 130,522   | -                        | (7,214,284)  | (7,144,355)            |
| Debt Service   | 4,907,940          | -                               | -   | -                        | (4,907,940)  | (753,400)              |
| School Lunch Program   | 1,617,507          | 901,877                         | 633,668   | -                        | (81,962)   | (69,610)               |
| Unallocated Depreciation                                     | <u>2,033,017</u>   | <u>-</u>                        | <u>-</u>  | <u>-</u>                 | <u>(2,033,017)</u>                                     | <u>(2,013,796)</u>     |
| <b>TOTAL FUNCTIONS AND PROGRAMS</b>                          | <u>100,121,748</u> | <u>1,223,970</u>                | <u>3,008,730</u>                                  | <u>-</u>                 | <u>(95,889,048)</u>                                    | <u>(92,029,021)</u>    |
| GENERAL REVENUES   |                    |                                 |   |                          |  |                        |
| Real Property Taxes  |                    |                                 |   |                          | 46,717,806   | 46,767,719             |
| Other Tax Items  |                    |                                 |   |                          | 7,013,253  | 6,864,400              |
| Investment Earnings  |                    |                                 |   |                          | 221,770  | 213,377                |
| Sale Of Property And Compensation For<br>Loss                |                    |                                 |   |                          | 89,351   | 89,140                 |
| Miscellaneous Local Sources                                  |                    |                                 |   |                          | 632,216  | 712,772                |
| State Sources  |                    |                                 |   |                          | 29,908,489   | 27,563,796             |
| Federal Sources  |                    |                                 |   |                          | <u>122,006</u>   | <u>149,277</u>         |
| <b>TOTAL GENERAL REVENUES</b>                                |                    |                                 |   |                          | <u>84,704,891</u>                                      | <u>82,360,481</u>      |
| <b>CHANGE IN NET POSITION</b>                                |                    |                                 |   |                          | (11,184,157)   | (9,668,540)            |
| <b>TOTAL NET POSITION – Beginning Of<br/>Year (Restated)</b> |                    |                                 |   |                          | <u>(25,055,657)</u>                                    | <u>(21,902,610)</u>    |
| <b>TOTAL NET POSITION – End Of Year</b>                      |                    |                                 |   |                          | <u>\$ (36,239,814)</u>                                 | <u>\$ (31,571,150)</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

|                                  | <u>I. NON-MAJOR I</u> |                              |                               |                                   |                               | TOTAL                               | 2015                 |
|----------------------------------|-----------------------|------------------------------|-------------------------------|-----------------------------------|-------------------------------|-------------------------------------|----------------------|
|                                  | <u>GENERAL</u>        | <u>SPECIAL</u><br><u>AID</u> | <u>SCHOOL</u><br><u>LUNCH</u> | <u>CAPITAL</u><br><u>PROJECTS</u> | <u>DEBT</u><br><u>SERVICE</u> | <u>GOVERNMENTAL</u><br><u>FUNDS</u> | <u>TOTAL</u>         |
| ASSETS                           |                       |                              |                               |                                   |                               |                                     |                      |
| Cash                             | \$ 14,908,482         | \$ 56,792                    | \$ 37,831                     | \$ 2,414,150                      | \$ 2,163,877                  | \$ 19,581,132                       | \$ 23,996,292        |
| Cash - Restricted                | 16,420,047            | -                            | -                             | -                                 | -                             | 16,420,047                          | 13,151,081           |
| Accounts Receivable              | 77,440                | -                            | 5,853                         | -                                 | -                             | 83,293                              | 132,957              |
| Due From Other Funds             | 4,544,911             | -                            | -                             | -                                 | -                             | 4,544,911                           | 886,389              |
| State And Federal Aid Receivable | 840,891               | 941,592                      | 39,769                        | -                                 | -                             | 1,822,252                           | 1,467,793            |
| Due From Other Governments       | 873,883               | -                            | -                             | -                                 | -                             | 873,883                             | 757,147              |
| Inventories                      | <u>-</u>              | <u>-</u>                     | <u>35,606</u>                 | <u>-</u>                          | <u>-</u>                      | <u>35,606</u>                       | <u>21,365</u>        |
| <b>TOTAL ASSETS</b>              | <u>\$ 37,665,654</u>  | <u>\$ 998,384</u>            | <u>\$ 119,059</u>             | <u>\$ 2,414,150</u>               | <u>\$ 2,163,877</u>           | <u>\$ 43,361,124</u>                | <u>\$ 40,413,024</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

|  | <u>I NON-MAJOR I</u>        |                          |                          |                            |                            | TOTAL                       | 2015                        |
|--|-----------------------------|--------------------------|--------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| LIABILITIES AND FUND BALANCES              | <u>GENERAL</u>              | <u>SPECIAL</u>           | <u>SCHOOL</u>            | <u>CAPITAL</u>             | <u>DEBT</u>                | <u>GOVERNMENTAL</u>         | <u>TOTALS</u>               |
| LIABILITIES                                |                             | <u>AID</u>               | <u>LUNCH</u>             | <u>PROJECTS</u>            | <u>SERVICE</u>             | <u>FUNDS</u>                |                             |
| Accounts Payable                           | \$ 108,182                  | \$ 1,314                 | \$ -                     | \$ 745,172                 | \$ -                       | \$ 854,668                  | \$ 556,554                  |
| Accrued Liabilities                        | 201,222                     | -                        | 606                      | -                          | -                          | 201,828                     | 6,420,014                   |
| Due To Other Governments                   | 228,168                     | -                        | 230                      | -                          | -                          | 228,398                     | 202                         |
| Due To Other Funds                         | -                           | 972,963                  | 71,948                   | 3,500,000                  | -                          | 4,544,911                   | 886,389                     |
| Due To Teachers' Retirement System         | 4,778,124                   | -                        | -                        | -                          | -                          | 4,778,124                   | 6,148,537                   |
| Due To Employees' Retirement System        | 484,965                     | -                        | -                        | -                          | -                          | 484,965                     | 485,230                     |
| Compensated Absences                       | 300,070                     | -                        | -                        | -                          | -                          | 300,070                     | 2,706,098                   |
| Unearned Revenues                          | -                           | 24,107                   | 31,021                   | -                          | -                          | 55,128                      | 40,858                      |
| <b>TOTAL LIABILITIES</b>                   | <b><u>6,100,731</u></b>     | <b><u>998,384</u></b>    | <b><u>103,805</u></b>    | <b><u>4,245,172</u></b>    | <b><u>-</u></b>            | <b><u>11,448,092</u></b>    | <b><u>17,243,882</u></b>    |
| <b>FUND BALANCES</b>                       |                             |                          |                          |                            |                            |                             |                             |
| Nonspendable:                              |                             |                          |                          |                            |                            |                             |                             |
| Inventory                                  | -                           | -                        | 35,606                   | -                          | -                          | 35,606                      | 21,365                      |
| Restricted:                                |                             |                          |                          |                            |                            |                             |                             |
| Tax Certiorari                             | 1,201,886                   | -                        | -                        | -                          | -                          | 1,201,886                   | 1,195,906                   |
| Unemployment Insurance                     | 927,009                     | -                        | -                        | -                          | -                          | 927,009                     | 929,323                     |
| Workers' Compensation                      | 1,717,087                   | -                        | -                        | -                          | -                          | 1,717,087                   | 506,555                     |
| Employee Benefit Accrued Liability         | 3,311,425                   | -                        | -                        | -                          | -                          | 3,311,425                   | 647,618                     |
| Capital                                    | 4,000,000                   | -                        | -                        | -                          | -                          | 4,000,000                   | 3,500,000                   |
| Retirement Contribution                    | 4,299,457                   | -                        | -                        | -                          | -                          | 4,299,457                   | 3,402,444                   |
| Liability                                  | 354,104                     | -                        | -                        | -                          | -                          | 354,104                     | 203,089                     |
| Insurance                                  | 609,079                     | -                        | -                        | -                          | -                          | 609,079                     | 606,049                     |
| Debt Service                               | -                           | -                        | -                        | -                          | -                          | -                           | 2,160,097                   |
| Assigned:                                  |                             |                          |                          |                            |                            |                             |                             |
| Encumbrances                               | 3,093,539                   | -                        | -                        | -                          | -                          | 3,093,539                   | 2,687,481                   |
| Appropriated                               | 3,960,000                   | -                        | -                        | -                          | -                          | 3,960,000                   | 3,660,000                   |
| Unappropriated                             | 3,194,202                   | -                        | -                        | 173,405                    | 2,163,877                  | 5,531,484                   | 170,659                     |
| Unassigned                                 | 4,897,135                   | -                        | (20,352)                 | (2,004,427)                | -                          | 2,872,356                   | 3,478,556                   |
| <b>TOTAL FUND BALANCES</b>                 | <b><u>31,564,923</u></b>    | <b><u>-</u></b>          | <b><u>15,254</u></b>     | <b><u>(1,831,022)</u></b>  | <b><u>2,163,877</u></b>    | <b><u>31,913,032</u></b>    | <b><u>23,169,142</u></b>    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b><u>\$ 37,665,654</u></b> | <b><u>\$ 998,384</u></b> | <b><u>\$ 119,059</u></b> | <b><u>\$ 2,414,150</u></b> | <b><u>\$ 2,163,877</u></b> | <b><u>\$ 43,361,124</u></b> | <b><u>\$ 40,413,024</u></b> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016

|   | TOTAL<br>GOVERNMENTAL<br>FUNDS | LONG-TERM<br>ASSETS AND<br>LIABILITIES | RECLASSIFICATIONS<br>AND<br>ELIMINATIONS | STATEMENT<br>OF<br>NET POSITION |
|---|--------------------------------|--|--|---------------------------------|
| <b>ASSETS</b>                               |                                |  |  |                                 |
| Current Assets:                             |                                |  |  |                                 |
| Cash  | \$ 19,581,132                  | \$ -                                   | \$ -                                     | \$ 19,581,132                   |
| Cash - Restricted                           | 16,420,047                     | -                                      | -  | 16,420,047                      |
| Accounts Receivable                         | 83,293                         | -                                      | -  | 83,293                          |
| State and Federal Aid Receivable            | 1,822,252                      | -                                      | -  | 1,822,252                       |
| Due From Other Governments                  | 873,883                        | -                                      | -  | 873,883                         |
| Due From Other Funds                        | 4,544,911                      | -                                      | (4,544,911)                              | -                               |
| Inventory                                   | <u>35,606</u>                  | <u>-</u>                               | <u>-</u>                                 | <u>35,606</u>                   |
| Total Current Assets                        | <u>43,361,124</u>              | <u>-</u>                               | <u>(4,544,911)</u>                       | <u>38,816,213</u>               |
| Non-Current Assets                          |                                |  |  |                                 |
| Net Pension Asset                           | -                              | 23,185,564                             | -  | 23,185,564                      |
| Capital Assets                              | -                              | 75,346,262                             | -  | 75,346,262                      |
| Less: Accumulated Depreciation              | <u>-</u>                       | <u>(27,573,957)</u>                    | <u>-</u>                                 | <u>(27,573,957)</u>             |
| Total Non-Current Assets                    | <u>-</u>                       | <u>70,957,869</u>                      | <u>-</u>                                 | <u>70,957,869</u>               |
| <b>TOTAL ASSETS</b>                         | <u>43,361,124</u>              | <u>70,957,869</u>                      | <u>(4,544,911)</u>                       | <u>109,774,082</u>              |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                                |  |  |                                 |
| Pensions                                    | -                              | 9,520,279                              | -  | 9,520,279                       |
| Deferred Charge on Refunding, Net           | <u>-</u>                       | <u>160,334</u>                         | <u>-</u>                                 | <u>160,334</u>                  |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b> | <u>-</u>                       | <u>9,680,613</u>                       | <u>-</u>                                 | <u>9,680,613</u>                |
| <b>LIABILITIES</b>                          |                                |  |  |                                 |
| Accounts Payable                            | 854,668                        | -                                      | -  | 854,668                         |
| Accrued Liabilities                         | 201,828                        | 191,334                                | -  | 393,162                         |
| Due To Other Funds                          | 4,544,911                      | -                                      | (4,544,911)                              | -                               |
| Due To Other Governments                    | 228,398                        | -                                      | -  | 228,398                         |
| Due To TRS                                  | 4,778,124                      | -                                      | -  | 4,778,124                       |
| Due To ERS                                  | 484,965                        | -                                      | -  | 484,965                         |
| Compensated Absences                        | 300,070                        | -                                      | -  | 300,070                         |
| Unearned Revenues                           | 55,128                         | -                                      | -  | 55,128                          |
| Non-Current Liabilities:                    |                                |  |  |                                 |
| Due Within One Year                         | -                              | 6,984,311                              | -  | 6,984,311                       |
| Due Beyond One Year                         | -                              | 128,492,481                            | -  | 128,492,481                     |
| Net Pension Liability                       | <u>-</u>                       | <u>4,581,293</u>                       | <u>-</u>                                 | <u>4,581,293</u>                |
| <b>TOTAL LIABILITIES</b>                    | <u>11,448,092</u>              | <u>140,249,419</u>                     | <u>(4,544,911)</u>                       | <u>147,152,600</u>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                                |  |  |                                 |
| Pensions                                    | <u>-</u>                       | <u>8,541,909</u>                       | <u>-</u>                                 | <u>8,541,909</u>                |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>  | <u>-</u>                       | <u>8,541,909</u>                       | <u>-</u>                                 | <u>8,541,909</u>                |
| <b>TOTAL FUND BALANCE/NET POSITION</b>      | <u>\$ 31,913,032</u>           | <u>\$ (68,152,846)</u>                 | <u>\$ -</u>                              | <u>\$ (36,239,814)</u>          |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET WITH THE STATEMENT OF POSITION  
JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

|  | <u>2016</u>            | <u>2015</u>            |
|--|------------------------|------------------------|
| Total Governmental Fund Balances   | \$ 31,913,032          | \$ 23,169,142          |
| <p>Amounts reported for governmental activities in the statement of net position are different because:</p>  |                        |                        |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2016 are \$75,346,262 and \$27,573,957, respectively.</p>  | 47,772,305             | 46,783,076             |
| <p>Refunding bond issuance costs are reported in the governmental funds as expenditures when paid. In the statement of net position, the costs are capitalized and amortized over the life of the bonds. Deferred refunding bond costs and accumulated amortization at June 30, 2016 are \$185,000 and \$24,666, respectively.</p> | 160,334                | 172,667                |
| <p>Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds.</p>   |                        |                        |
| <p>Net Pension Asset</p>   | 23,185,564             |                        |
| <p>Deferred Outflows of Resources</p>  | 9,520,279              |                        |
| <p>Net Pension Liability</p>   | (4,581,293)            |                        |
| <p>Deferred Inflows of Resources</p>   | <u>(8,541,909)</u>     |                        |
|  | 19,582,641             | 13,848,012             |
| <p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>   |                        |                        |
| <p>Serial Bonds</p>  | (17,525,000)           |                        |
| <p>Energy Performance Contract</p>   | (1,807,320)            |                        |
| <p>Compensated Absences</p>  | (3,206,279)            |                        |
| <p>Net OPEB Obligation</p>   | <u>(112,938,193)</u>   |                        |
|  | (135,476,792)          | (115,359,581)          |
| <p>Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.</p>   | <u>(191,334)</u>       | <u>(184,466)</u>       |
| Net Position Of Governmental Activities  | <u>\$ (36,239,814)</u> | <u>\$ (31,571,150)</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

|   | GENERAL              | SPECIAL<br>AID   | SCHOOL<br>LUNCH  | CAPITAL<br>PROJECTS   | I NON-MAJOR I<br>DEBT<br>SERVICE | TOTAL<br>GOVERNMENTAL<br>FUNDS | 2015<br>TOTALS       |
|---|----------------------|------------------|------------------|-----------------------|----------------------------------|--------------------------------|----------------------|
| REVENUES  |                      |                  |                  |                       |                                  |                                |                      |
| Real Property Taxes                               | \$ 46,717,806        | \$ -             | \$ -             | \$ -                  | \$ -                             | \$ 46,717,806                  | \$ 46,767,719        |
| Other Tax Items                                   | 7,013,253            | -                | -                | -                     | -                                | 7,013,253                      | 6,864,400            |
| Charges For Services                              | 285,709              | -                | -                | -                     | -                                | 285,709                        | 364,194              |
| Use Of Money And<br>Property                      | 254,374              | -                | -                | -                     | 3,780                            | 258,154                        | 213,377              |
| Sale Of Property And<br>Compensation For Loss     | 98,943               | -                | -                | -                     | -                                | 98,943                         | 89,140               |
| Miscellaneous Local<br>Sources                    | 636,877              | -                | 64,048           | 1,858                 | -                                | 702,783                        | 774,112              |
| State Sources                                     | 29,908,489           | 881,781          | 23,742           | -                     | -                                | 30,814,012                     | 28,392,333           |
| Federal Sources                                   | 122,006              | 1,486,762        | 609,926          | -                     | -                                | 2,218,694                      | 2,050,638            |
| Sales   | -                    | -                | 837,829          | -                     | -                                | 837,829                        | 895,929              |
| <b>TOTAL REVENUES</b>                             | <b>85,037,457</b>    | <b>2,368,543</b> | <b>1,535,545</b> | <b>1,858</b>          | <b>3,780</b>                     | <b>88,947,183</b>              | <b>86,411,842</b>    |
| OTHER SOURCES                                     |                      |                  |                  |                       |                                  |                                |                      |
| Interfund Transfers In                            | -                    | 150,142          | 50,000           | 200,000               | -                                | 400,142                        | 553,740              |
| Proceeds of Long-Term<br>Debt                     | -                    | -                | -                | 650,000               | -                                | 650,000                        | 675,000              |
| <b>TOTAL REVENUES AND<br/>OTHER SOURCES</b>       | <b>85,037,457</b>    | <b>2,518,685</b> | <b>1,585,545</b> | <b>851,858</b>        | <b>3,780</b>                     | <b>89,997,325</b>              | <b>87,640,582</b>    |
| EXPENDITURES                                      |                      |                  |                  |                       |                                  |                                |                      |
| General Support                                   | 7,260,498            | -                | -                | -                     | -                                | 7,260,498                      | 8,010,533            |
| Instruction                                       | 45,184,062           | 2,071,478        | -                | -                     | -                                | 47,255,540                     | 45,501,642           |
| Pupil Transportation                              | 4,736,258            | 163,152          | -                | -                     | -                                | 4,899,410                      | 4,846,376            |
| Employees Benefits                                | 22,302,756           | 284,055          | 225,202          | -                     | -                                | 22,812,013                     | 22,914,046           |
| Debt Services:                                    |                      |                  |                  |                       |                                  |                                |                      |
| Principal   | 2,293,438            | -                | -                | -                     | -                                | 2,293,438                      | 2,301,664            |
| Interest  | 678,380              | -                | -                | -                     | -                                | 678,380                        | 592,576              |
| Cost Of Sales                                     | -                    | -                | 1,351,301        | -                     | -                                | 1,351,301                      | 1,413,264            |
| Capital Outlay                                    | -                    | -                | -                | 2,853,539             | -                                | 2,853,539                      | 1,496,366            |
| <b>TOTAL EXPENDITURES</b>                         | <b>82,455,392</b>    | <b>2,518,685</b> | <b>1,576,503</b> | <b>2,853,539</b>      | <b>-</b>                         | <b>89,404,119</b>              | <b>87,076,467</b>    |
| OTHER USES  |                      |                  |                  |                       |                                  |                                |                      |
| Interfund Transfers Out                           | 400,142              | -                | -                | -                     | -                                | 400,142                        | 553,740              |
| <b>TOTAL EXPENDITURES<br/>AND OTHER USES</b>      | <b>82,855,534</b>    | <b>2,518,685</b> | <b>1,576,503</b> | <b>2,853,539</b>      | <b>-</b>                         | <b>89,804,261</b>              | <b>87,630,207</b>    |
| NET CHANGE IN FUND<br>BALANCES                    | 2,181,923            | -                | 9,042            | (2,001,681)           | 3,780                            | 193,064                        | 10,375               |
| FUND BALANCE –<br>Beginning Of Year<br>(Restated) | 29,383,000           | -                | 6,212            | 170,659               | 2,160,097                        | 31,719,968                     | 23,158,767           |
| FUND BALANCE –<br>End Of Year                     | <u>\$ 31,564,923</u> | <u>\$ -</u>      | <u>\$ 15,254</u> | <u>\$ (1,831,022)</u> | <u>\$ 2,163,877</u>              | <u>\$ 31,913,032</u>           | <u>\$ 23,169,142</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

|   | TOTAL<br>GOVERNMENTAL<br>FUNDS | LONG-TERM<br>REVENUES AND<br>EXPENSES | CAPITAL<br>ITEMS | LONG-TERM<br>DEBT<br>TRANSACTIONS | RECLASSIFICATIONS<br>AND<br>ELIMINATIONS | STATEMENT<br>OF<br>ACTIVITIES |
|---|--------------------------------|---------------------------------------|------------------|-----------------------------------|--|-------------------------------|
| REVENUES                                      |                                |                                       |                  |                                   |  |                               |
| Real Property Taxes                           | \$ 46,717,806                  | \$ -                                  | \$ -             | \$ -                              | \$ -                                     | \$ 46,717,806                 |
| Other Tax Items                               | 7,013,253                      | -                                     | -                | -                                 | -  | 7,013,253                     |
| Charges For Services                          | 285,709                        | -                                     | -                | -                                 | 938,261                                  | 1,223,970                     |
| Use of Money and Property                     | 258,154                        | -                                     | -                | -                                 | (36,384)                                 | 221,770                       |
| Sale of Property and<br>Compensation For Loss | 98,943                         | -                                     | (9,592)          | -                                 | -  | 89,351                        |
| Miscellaneous Local Sources                   | 702,783                        | -                                     | -                | -                                 | (70,567)                                 | 632,216                       |
| State Sources                                 | 30,814,012                     | -                                     | -                | -                                 | (905,523)                                | 29,908,489                    |
| Federal Sources                               | 2,218,694                      | -                                     | -                | -                                 | (2,096,688)                              | 122,006                       |
| Sales   | 837,829                        | -                                     | -                | -                                 | (837,829)                                | -                             |
| Operating Grants and Contributions            | -                              | -                                     | -                | -                                 | 3,008,730                                | 3,008,730                     |
| <b>TOTAL REVENUES</b>                         | <b>88,947,183</b>              | <b>-</b>                              | <b>(9,592)</b>   | <b>-</b>                          | <b>-</b>                                 | <b>88,937,591</b>             |
| OTHER SOURCES                                 |                                |                                       |                  |                                   |  |                               |
| Interfund Transfers In                        | 400,142                        | -                                     | -                | -                                 | (400,142)                                | -                             |
| Proceeds of Long Term Debt                    | 650,000                        | -                                     | -                | (650,000)                         | -  | -                             |
| <b>TOTAL REVENUES AND<br/>OTHER SOURCES</b>   | <b>89,997,325</b>              | <b>-</b>                              | <b>(9,592)</b>   | <b>(650,000)</b>                  | <b>(400,142)</b>                         | <b>88,937,591</b>             |
| EXPENDITURES                                  |                                |                                       |                  |                                   |  |                               |
| General Support                               | 7,260,498                      | 1,521,984                             | (73,860)         | -                                 | 1,885,208                                | 10,593,830                    |
| Instruction                                   | 47,255,540                     | 7,151,683                             | (104,439)        | -                                 | 19,306,311                               | 73,609,095                    |
| Pupil Transportation                          | 4,899,410                      | 1,065,657                             | -                | -                                 | 1,395,292                                | 7,360,359                     |
| Employees Benefits                            | 22,812,013                     | -                                     | -                | -                                 | (22,812,013)                             | -                             |
| Debt Services:                                |                                |                                       |                  |                                   |  |                               |
| Principal                                     | 2,293,438                      | -                                     | -                | (2,293,438)                       | -  | -                             |
| Interest                                      | 678,380                        | 4,222,692                             | -                | 6,868                             | -  | 4,907,940                     |
| Cost of Sales                                 | 1,351,301                      | -                                     | -                | -                                 | (1,351,301)                              | -                             |
| Capital Outlay                                | 2,853,539                      | -                                     | (2,853,539)      | -                                 | -  | -                             |
| School Lunch Program                          | -                              | 41,004                                | -                | -                                 | 1,576,503                                | 1,617,507                     |
| Unallocated Depreciation                      | -                              | -                                     | 2,033,017        | -                                 | -  | 2,033,017                     |
| <b>TOTAL EXPENDITURES</b>                     | <b>89,404,119</b>              | <b>14,003,020</b>                     | <b>(998,821)</b> | <b>(2,286,570)</b>                | <b>-</b>                                 | <b>100,121,748</b>            |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2016

(Continued)

|   | <u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u> | <u>LONG-TERM<br/>REVENUES AND<br/>EXPENSES</u> | <u>CAPITAL<br/>ITEMS</u> | <u>LONG-TERM<br/>DEBT<br/>TRANSACTIONS</u> | <u>RECLASSIFICATIONS<br/>AND<br/>ELIMINATIONS</u> | <u>STATEMENT<br/>OF<br/>ACTIVITIES</u> |
|---|---|--|--------------------------|--|---|--|
| OTHER USES                                  |   |  |                          |  |   |  |
| Interfund Transfers Out                     | \$ <u>400,142</u>                       | \$ <u>-</u>                                    | \$ <u>-</u>              | \$ <u>-</u>                                | \$ <u>(400,142)</u>                               | \$ <u>-</u>                            |
| TOTAL EXPENDITURES<br>AND OTHER USES        | <u>89,804,261</u>                       | <u>14,003,020</u>                              | <u>(998,821)</u>         | <u>(2,286,570)</u>                         | <u>(400,142)</u>                                  | <u>100,121,748</u>                     |
| NET CHANGE IN FUND<br>BALANCES/NET POSITION | \$ <u>193,064</u>                       | \$ <u>(14,003,020)</u>                         | \$ <u>989,229</u>        | \$ <u>1,636,570</u>                        | \$ <u>-</u>                                       | \$ <u>11,184,157</u>                   |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

|  | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|
| Total Net Change in Fund Balances – Governmental Funds | \$ 193,064  | \$ 10,375   |

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

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

|                       |                  |                   |
|-----------------------|------------------|-------------------|
| Depreciation Expenses | (2,033,017)      |                   |
| Capital Outlay        | <u>3,031,838</u> | 998,821 (163,948) |

Refunding bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are refunded. However, on the statement of activities, the costs are capitalized and amortized over the life of the bonds.

|                            |          |            |
|----------------------------|----------|------------|
| Amortization Expense       | (12,333) |            |
| Deferred Refunding Charges | <u>-</u> | (12,333) - |

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

|                             |                |                     |
|-----------------------------|----------------|---------------------|
| Serial Bonds                | 1,950,000      |                     |
| Energy Performance Contract | <u>343,438</u> | 2,293,438 2,301,664 |

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

|                      |                     |                           |
|----------------------|---------------------|---------------------------|
| Compensated Absences | (350,661)           |                           |
| Net OPEB Obligation  | <u>(19,374,655)</u> | (19,725,316) (18,805,002) |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

(Continued)

|  | <u>2016</u>            | <u>2015</u>           |
|--|------------------------|-----------------------|
| Proceeds from the sale of capital assets are reported as revenues in the governmental funds. In the statement of activities, the revenues are reduced by the net book value of the disposed assets.  | \$ (9,592)             | \$ -                  |
| Proceeds of long term debt are reported as revenues in the governmental funds. In the statement of net position, the proceeds increase the liability and no revenue is reported in the statement of activities.  |                        |                       |
| Serial Bonds   | (650,000)              | (675,000)             |
| (Increases) decreases in proportionate share of net pension asset/liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. |                        |                       |
| Teachers' Retirement System  | 6,038,008              |                       |
| Employees' Retirement System   | <u>(303,379)</u>       | 7,824,195             |
| In the statement of activities, interest on debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.   |                        |                       |
| Current Year Accrued Interest  | (191,334)              |                       |
| Prior Year Accrued Interest  | <u>184,466</u>         | <u>(160,824)</u>      |
| Change in Net Position of Governmental Activities  | <u>\$ (11,184,157)</u> | <u>\$ (9,668,540)</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

|                                  | <u>PRIVATE PURPOSE<br/>TRUST FUND</u> | <u>AGENCY<br/>FUND</u> |
|----------------------------------|---------------------------------------|------------------------|
| ASSETS                           |                                       |                        |
| Cash And Cash Equivalents        | <u>\$ 6,627</u>                       | <u>\$ 261,788</u>      |
| TOTAL ASSETS                     | <u>6,627</u>                          | <u>\$ 261,788</u>      |
| LIABILITIES                      |                                       |                        |
| Extraclassroom Activity Balances | -                                     | \$ 112,511             |
| Agency Liabilities               | <u>-</u>                              | <u>149,277</u>         |
| TOTAL LIABILITIES                | <u>-</u>                              | <u>\$ 261,788</u>      |
| Reserved For Scholarships        | <u>\$ 6,627</u>                       |                        |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2016

|                                  | <u>PRIVATE PURPOSE<br/>TRUST FUND</u> |
|----------------------------------|---------------------------------------|
| ADDITIONS                        |                                       |
| Gifts And Contributions          | \$ 30,110                             |
| Investment Earnings              | <u>36</u>                             |
| TOTAL ADDITIONS                  | <u>30,146</u>                         |
| DEDUCTIONS                       |                                       |
| Scholarships Awarded             | <u>41,800</u>                         |
| TOTAL DEDUCTIONS                 | <u>41,800</u>                         |
| Change In Net Position           | (11,654)                              |
| NET POSITION – Beginning Of Year | <u>18,281</u>                         |
| NET POSITION – End Of Year       | <u>\$ 6,627</u>                       |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

1. Included in the Reporting Entity

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

a. The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Washingtonville Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash balances are reported in the Agency Fund of the School District. Separate audited general purpose financial statements (cash basis) of the Extraclassroom Activity Funds can be found within these financial statements.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Joint Venture**

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

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

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

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

**C. Basis of Presentation**

1. District-wide statements:

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

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Fund financial statements:

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

The District reports the following major Governmental Funds:

a. *General Fund*

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

b. *Special Revenue Fund*

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

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District Reports the following non-major Governmental Fund:

a. *Debt Service Fund*

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

Additionally, the District reports the following fund type:

a. *Fiduciary Fund*

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Private Purpose Trust Fund

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

Agency Fund

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

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

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. **Property Taxes**

1. Calendar

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

2. Enforcement

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

F. **Budgetary Procedures And Budgetary Accounting**

1. **Budget Policies**

The budget policies are as follows:

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

|             |                  |
|-------------|------------------|
| Instruction | <u>\$ 72,519</u> |
|-------------|------------------|

2. Encumbrances

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

3. Budget Basis of Accounting

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

G. Cash and Cash Equivalents

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

H. Inventory

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would be immaterial.

J. Capital Assets

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

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

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

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

K. Unearned Revenue

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. **Vested Employee Benefits**

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

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

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

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the year paid. In the District-wide statements, the liability is reported at actuarially calculated amounts (See Note 11).

M. **Interfund Activity**

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities/business type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Equity Classifications

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

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

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

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

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$35,606.

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

Unemployment Insurance

Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounted for in the General Fund.

Capital

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Certiorari

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

Workers' Compensation

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

Employee Benefit Accrued Liability

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

Retirement Contribution

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

Insurance

Used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Liability

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

Committed – includes amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the District's highest level of decision making authority before the end of the fiscal year, and requires the same level of formal action to remove the constraint. The Board of Education is the decision making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The District has no committed fund balances as of June 30, 2016.

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority, or by their designated official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances in the General Fund and appropriated fund balance. The Board of Education is the decision making authority that can, by resolution, assign fund balance. The District reported encumbrances of \$3,093,539 as assigned fund balance in the General Fund as of June 30, 2016. Additionally, the District assigned \$3,194,202 of fund balance as of June 30, 2016 to be transferred to the Capital Projects Fund in fiscal 2017.

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

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

Order of Use of Fund Balance:

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

P. New Accounting Standards

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

*GASB 72 – Fair Value Measurement and Application.*

*GASB 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

*GASB 79 – Certain External Investment Pools and Pool Participants, except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for the year ending June 30, 2017.*

Q. Future Accounting Standards

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

*GASB 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB 67 and GASB 68, effective for the year ending June 30, 2017.*

*GASB 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pensions, effective for the year ending June 30, 2017.*

*GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, effective for the year ending June 30, 2018.*

*GASB 77 – Tax Abatement Disclosures, effective for the year ending June 30, 2017.*

*GASB 78 – Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans, effective for the year ending June 30, 2017.*

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 79 – *Certain External Investment Pools and Pool Participants*, effective for the year ending June 30, 2016, except for the provisions in paragraphs 18, 19, 23-26, and 40, which are effective for the year ending June 30, 2017.

GASB 80 – *Blending Requirements for Certain Component Units – an Amendment of GASB 14*, effective for the year ending June 30, 2017.

GASB 81 – *Irrevocable Split-Interest Agreements*, effective for the year ending June 30, 2018.

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

**R. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The District reports \$185,000 in deferred refunding charges and \$24,666 in accumulated amortization, as of June 30, 2016, and \$9,520,279 in deferred outflows of resources related to pensions as of June 30, 2016.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first 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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The District reports \$8,541,909 in deferred inflows of resources related to pensions as of June 30, 2016.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**Fund Balance**

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

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

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

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

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

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

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

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

1. Long-term revenue differences:

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

2. Capital related differences:

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

3. Long-term debt transaction differences:

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

NOTE 4 – PARTICIPATION IN BOCES

During the year ended June 30, 2016, the Washingtonville Central School District was billed \$9,099,343 for BOCES administrative and program costs. The District’s share of BOCES income amounted to \$1,937,874. General purpose financial statements for the BOCES are available from the BOCES administrative office

NOTE 5 – CASH AND INVESTMENTS

The Washingtonville Central School District investment policies are governed by State statutes. In addition the District has its own written investment policy. Washingtonville Central School District monies must be deposited in FDIC-Insured commercial banks or trust companies located within the State.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 5 – CASH AND INVESTMENTS (Continued)

The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and states other than New York and their municipalities and school districts.

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

Collateralized with securities held by the pledging financial institution, or its trust department, but not in the District's name. \$ 10,785,881

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

|   | BEGINNING<br>BALANCE | ADDITIONS           | RETIREMENTS/<br>RECLASSIFICATIONS | ENDING<br>BALANCE    |
|---|----------------------|---------------------|-----------------------------------|----------------------|
| Governmental Activities:  |                      |                     |                                   |                      |
| Capital assets that are not depreciated:                                  |                      |                     |                                   |                      |
| Land  | \$ 6,891,876         | \$ -                | \$ -                              | \$ 6,891,876         |
| Construction In Progress  | <u>92,257</u>        | <u>2,004,427</u>    | <u>92,257</u>                     | <u>2,004,427</u>     |
| Total non-depreciable historical cost                                     | <u>6,984,133</u>     | <u>2,004,427</u>    | <u>92,257</u>                     | <u>8,896,303</u>     |
| Capital assets that are depreciated:                                      |                      |                     |                                   |                      |
| Building and Improvements   | 54,695,104           | 191,563             | -                                 | 54,886,667           |
| Machinery and Equipment   | 4,176,042            | 130,336             | 597,093                           | 3,709,285            |
| Vehicles  | <u>7,745,842</u>     | <u>797,769</u>      | <u>689,604</u>                    | <u>7,854,007</u>     |
| Total depreciable historical cost   | <u>66,616,988</u>    | <u>1,119,668</u>    | <u>1,286,697</u>                  | <u>66,449,959</u>    |
| Less accumulated depreciation:  |                      |                     |                                   |                      |
| Building and Improvements   | 19,044,239           | \$ 1,189,391        | \$ -                              | \$ 20,233,630        |
| Machinery and Equipment   | 2,986,234            | 285,310             | 591,901                           | 2,679,643            |
| Vehicles  | <u>4,787,572</u>     | <u>558,316</u>      | <u>685,204</u>                    | <u>4,660,684</u>     |
| Total Accumulated Depreciation  | <u>26,818,045</u>    | <u>2,033,017</u>    | <u>1,277,105</u>                  | <u>27,573,957</u>    |
| Total historical cost, net  | <u>\$ 46,783,076</u> | <u>\$ 1,091,078</u> | <u>\$ 101,849</u>                 | <u>\$ 47,772,305</u> |
| Depreciation expense was charged to<br>Governmental functions as follows: |                      |                     |                                   |                      |
| Unallocated   |                      | <u>\$ 2,033,017</u> |                                   |                      |

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 7 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2016 are as follows:

|                               | <u>INTERFUND<br/>RECEIVABLE</u> | <u>INTERFUND<br/>PAYABLE</u> | <u>INTERFUND<br/>REVENUES</u> | <u>INTERFUND<br/>EXPENDITURES</u> |
|-------------------------------|---------------------------------|------------------------------|-------------------------------|-----------------------------------|
| General Fund                  | \$ 4,544,911                    | \$ -                         | \$ -                          | \$ 400,142                        |
| Special Aid Fund              | -                               | 972,963                      | 150,142                       | -                                 |
| Capital Fund                  | -                               | 3,500,000                    | 200,000                       | -                                 |
| School Lunch Fund             | -                               | 71,948                       | 50,000                        | -                                 |
|                               | <u>4,544,911</u>                | <u>4,544,911</u>             | <u>400,142</u>                | <u>400,142</u>                    |
| Total Governmental Activities |                                 |                              |                               |                                   |
|                               | <u>\$ 4,544,911</u>             | <u>\$ 4,544,911</u>          | <u>\$ 400,142</u>             | <u>\$ 400,142</u>                 |
| TOTALS                        |                                 |                              |                               |                                   |

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

The District periodically transfers funds between the General Fund and Debt Service Fund to make debt service payments and to the Special Aid Fund to cover expenses that are not reimbursed by Federal or State Grants.

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

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

NOTE 8 – INVENTORY

Inventory in the School Lunch Fund at June 30, 2016 consisted of the following:

|                 |                  |
|-----------------|------------------|
| Food & Supplies | <u>\$ 35,606</u> |
|-----------------|------------------|

NOTE 9 - LIABILITIES

**A. Pension Plans and Post-Employment Benefits**

1. General Information

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 9 – LIABILITIES (Continued)

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

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

b. Employees' Retirement System (ERS)

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

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

3. Funding Policy

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

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 9 – LIABILITIES (Continued)

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

For the NYSTRS, employers are required to contribute at an actuarially determined rate, currently 13.26% of the annually covered payroll for the fiscal year ended June 30, 2016. Rates applicable to the fiscal years ended June 30, 2015 and 2014, were respectively 17.53% and 16.25%.

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

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

|      | <u>ERS</u>   | <u>TRS</u>   |
|------|--------------|--------------|
| 2016 | \$ 1,404,132 | \$ 4,572,292 |
| 2015 | 1,683,534    | 5,877,936    |
| 2014 | 1,418,945    | 5,584,872    |

**B. Indebtedness**

1. Long-Term Debt

a. Long-Term Debt Interest

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

|  |                     |
|--|---------------------|
| Interest Paid                              | \$ 678,380          |
| Less: Interest Accrued in the Prior Year   | (184,466)           |
| Plus: Interest Accrued in the Current Year | 191,334             |
| Interest on OPEB Obligation                | 4,210,359           |
| Interest on Deferred Refunding Charges     | <u>12,333</u>       |
| Total Expense                              | <u>\$ 4,907,940</u> |

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 9 – LIABILITIES (Continued)

b. Changes

The changes in the School District's indebtedness during the year ended June 30, 2016 are summarized as follows:

|                             | BALANCE<br><u>07/01/15</u> | <u>ADDITIONS</u>     | <u>DELETIONS</u>    | BALANCE<br><u>06/30/16</u> | AMOUNTS<br>DUE WITHIN<br><u>ONE YEAR</u> |
|-----------------------------|----------------------------|----------------------|---------------------|----------------------------|--|
| Serial Bonds                | \$ 18,825,000              | \$ 650,000           | \$ 1,950,000        | \$ 17,525,000              | \$ 2,135,000                             |
| Energy Performance Contract | 2,150,758                  | -                    | 343,438             | 1,807,320                  | 349,311                                  |
| Compensated Absences        | 2,855,618                  | 350,661              | -                   | 3,206,279                  | -  |
| Net OPEB Obligation         | <u>93,563,538</u>          | <u>23,643,831</u>    | <u>4,269,176</u>    | <u>112,938,193</u>         | <u>4,500,000</u>                         |
| TOTAL                       | <u>\$ 117,394,914</u>      | <u>\$ 24,644,492</u> | <u>\$ 6,562,614</u> | <u>\$ 135,476,792</u>      | <u>\$ 6,984,311</u>                      |

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

c. Maturity

The following is a summary of maturity of indebtedness:

| <u>PURPOSE</u>              | <u>ISSUE<br/>DATE</u> | <u>FINAL<br/>MATURITY</u> | <u>INTEREST<br/>RATE</u> | OUTSTANDING<br><u>06/30/16</u> |
|-----------------------------|-----------------------|---------------------------|--------------------------|--------------------------------|
| Buses                       | 2016                  | 2020                      | 3.00%                    | \$ 650,000                     |
| Buses                       | 2013                  | 2017                      | 1.50%                    | 150,000                        |
| Buses                       | 2014                  | 2017                      | 0.95-1.35%               | 125,000                        |
| Buses                       | 2014                  | 2019                      | 0.75-2.20%               | 525,000                        |
| Refunding                   | 2014                  | 2019                      | 0.5-2.25%                | 1,500,000                      |
| Refunding                   | 2012                  | 2022                      | 2.0-2.375%               | 630,000                        |
| Refunding                   | 2014                  | 2029                      | 2.0-5.00%                | 8,350,000                      |
| Districtwide                | 2007                  | 2023                      | 3.25-3.75%               | 2,735,000                      |
| Reconstruction              | 2009                  | 2024                      | 2.5-4.00%                | <u>2,860,000</u>               |
| Total Bonds                 |                       |                           |                          | 17,525,000                     |
| Energy Performance Contract | 2005                  | 2021                      | 1.70%                    | <u>1,807,320</u>               |
| TOTAL                       |                       |                           |                          | <u>\$ 19,332,320</u>           |

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 9 – LIABILITIES (Continued)

The following is a summary of maturing debt service requirements.

| <u>YEAR</u> | <u>PRINCIPAL</u>     | <u>INTEREST</u>     |
|-------------|----------------------|---------------------|
| 2017        | \$ 2,484,311         | \$ 623,685          |
| 2018        | 2,255,284            | 568,170             |
| 2019        | 2,301,360            | 508,621             |
| 2020        | 2,237,540            | 400,621             |
| 2021        | 1,903,825            | 369,999             |
| 2022-2026   | 5,995,000            | 881,913             |
| 2027-2030   | <u>2,155,000</u>     | <u>133,775</u>      |
| TOTAL       | <u>\$ 19,332,320</u> | <u>\$ 3,486,784</u> |

2. Short-Term Debt

The District had no short-term debt as of June 30, 2016 and 2015.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

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

B. Tax Certiorari Proceedings

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

C. Other Items

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

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

GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, requires the District to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2016 the District recognized \$4,269,176 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of July 1, 2014, which indicates that the total liability for other post-employment benefits is \$222,018,423.

Plan Description: The healthcare plan (HP) is a single-employer defined benefit healthcare plan administered by the District. HP provides medical insurance benefits to eligible retirees and their spouses. The Board of Education of the District has the authority to establish and amend benefit provisions.

Funding Policy: The contribution requirements of Plan members and the District are established by the Board of Education. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2016, the District contributed \$4,269,176 to the Plan for current premiums and \$0 to prefund benefits. Plan members receiving benefits are not required to contribute towards the cost of the Plan.

Annual OPEB Cost and Net OPEB Obligation: The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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 to HP:

|  |                       |
|--|-----------------------|
| Annual required contribution               | \$ 25,177,482         |
| Interest on net OPEB obligation            | 4,210,359             |
| Adjustment to annual required contribution | <u>(5,744,010)</u>    |
| Annual OPEB cost (expense)                 | 23,643,831            |
| Contributions made                         | <u>(4,269,176)</u>    |
| Increase in net OPEB obligation            | 19,374,655            |
| Net OPEB obligation—beginning of year      | <u>93,563,538</u>     |
| Net OPEB obligation—end of year            | <u>\$ 112,938,193</u> |

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

| Fiscal Year<br>Ended | Beginning Net<br>OPEB obligation (a) | Annual<br>OPEB Cost (b) | Contributions (c) | Percentage<br>of Annual<br>OPEB Cost<br>Contributed (c/b) | Ending<br>Net OPEB<br>Obligation (a+b-c) |
|----------------------|--------------------------------------|-------------------------|-------------------|---|--|
| 6/30/2016            | \$ 93,563,538                        | \$ 23,643,831           | \$ 4,269,176      | 18.06%  | \$ 112,938,193                           |
| 6/30/2015            | 74,761,116                           | 22,278,354              | 3,475,932         | 15.6%   | 93,563,538                               |
| 6/30/2014            | 57,008,514                           | 20,959,128              | 3,206,526         | 15.3%   | 74,761,116                               |

Funded Status and Funding Progress: As of July 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$222,018,423, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$222,018,423. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$37.9 million, and the ratio of the UAAL to the covered payroll was approximately 586.4%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

The schedule of funding progress, presented as required supplementary 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 include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the Projected Unit Credit Cost Method was used. The actuarial assumptions included an annual healthcare cost trend rate of 7.03% initially, decreased by increments to an ultimate rate of 5.00%, and a discount rate of 4.50%. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 30 years.

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

Pension Plan Descriptions and Benefits Provided

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

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

At June 30, 2016, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2016 for ERS and June 30, 2015 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

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

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

|  | <u>ERS</u>     | <u>TRS</u>    |
|--|----------------|---------------|
| Actuarial valuation date   | April 1, 2015  | June 30, 2014 |
| Net pension asset/(liability)  | \$ (4,581,293) | \$ 23,185,564 |
| District’s portion of the Plan’s total net pension asset/(liability) | 0.0285434%     | 0.223221%     |

For the year ended June 30, 2016, the District recognized pension expense of \$1,707,512 for ERS and the actuarial value of \$(1,530,279) for TRS. At June 30, 2016, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources |                     | Deferred Inflows<br>of Resources |                     |
|---|-----------------------------------|---------------------|----------------------------------|---------------------|
|   | <u>ERS</u>                        | <u>TRS</u>          | <u>ERS</u>                       | <u>TRS</u>          |
| Differences between expected and actual experience  | \$ 23,150                         | \$ -                | \$ 543,036                       | \$ 642,571          |
| Changes of assumptions  | 1,221,693                         | -                   | -                                | -                   |
| Net difference between projected and actual earnings on pension plan investments                                    | 2,717,874                         | -                   | -                                | 7,329,077           |
| Changes in proportion and differences between the District’s contributions and proportionate share of contributions | 265,687                           | 28,786              | 27,225                           | -                   |
| District’s contributions subsequent to the measurement date   | <u>484,965</u>                    | <u>4,778,124</u>    | <u>-</u>                         | <u>-</u>            |
| Total   | <u>\$ 4,713,369</u>               | <u>\$ 4,806,910</u> | <u>\$ 570,261</u>                | <u>\$ 7,971,648</u> |

District contributions subsequent to the measurement date of \$4,778,124 to TRS and \$484,965 to ERS will be recognized as a reduction of the net pension liability in the year June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

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

|            | <u>ERS</u>          | <u>TRS</u>            |
|------------|---------------------|-----------------------|
| 2016       | \$ N/A              | \$ (2,953,022)        |
| 2017       | 938,177             | (2,953,022)           |
| 2018       | 938,177             | (2,953,022)           |
| 2019       | 938,177             | 1,221,940             |
| 2020       | 843,612             | (77,012)              |
| 2021       | -                   | N/A                   |
| Thereafter | -                   | <u>(228,724)</u>      |
| TOTAL      | <u>\$ 3,658,143</u> | <u>\$ (7,942,862)</u> |

Actuarial Assumptions

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

|                          | <u>ERS</u>                   | <u>TRS</u>                 |
|--------------------------|------------------------------|----------------------------|
| Measurement date         | March 31, 2016               | June 30, 2015              |
| Actuarial valuation date | April 1, 2015                | June 30, 2014              |
| Interest rate            | 7.5%                         | 8%                         |
| Salary scale             | 4.9%                         | 4.01%-10.91%               |
| Decrement tables         | April 1, 2005-March 31, 2010 | July 1, 2005-June 30, 2010 |
|                          | System's Experience          | System's Experience        |
| Inflation rate           | 2.7%                         | 3.0%                       |

For ERS, annuitant mortality rates are based on April 1, 2005-March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2005-March 31, 2010. For TRS, the actuarial assumptions used in the June 30, 2014 valuation are based on the results of an actuarial experience study for the period July 1, 2005-June 30, 2010.

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

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

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

|                                  | <u>ERS</u><br>March 31, 2016 | <u>TRS</u><br>June 30, 2015 |
|----------------------------------|------------------------------|-----------------------------|
| Measurement date                 |                              |                             |
| Asset Type:                      |                              |                             |
| Domestic Equity                  | 7.30%                        | 6.5%                        |
| International Equity             | 8.55                         | 7.7                         |
| Real Estate                      | 8.25                         | 4.6                         |
| Alternative Investments          | 6.75-11.00                   | 9.9                         |
| Domestic fixed income securities | -                            | 2.1                         |
| Global fixed income securities   | -                            | 1.9                         |
| Bonds and Mortgages              | 4.00                         | 3.4                         |
| Short-term                       | 2.25                         | 1.2                         |

Discount Rate

The discount rate used to calculate the total pension liability was 7.00% for ERS and 8.00% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employees will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00% for ERS and 8.00% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (6.00% for ERS and 7.00% for TRS) or 1-percentage point higher (8.00% for ERS and 9.00% for TRS) than the current rate:

| <u>ERS</u>  | 1% Decrease<br>( <u>6.0%</u> ) | Current Assumption<br>( <u>7.0%</u> ) | 1% Increase<br>( <u>8.0%</u> ) |
|---|--------------------------------|---------------------------------------|--------------------------------|
| Employer's proportionate<br>share of the net pension asset<br>(liability) | \$ (10,330,483)                | \$ (4,581,293)                        | \$ 276,527                     |
| <u>TRS</u>  | 1% Decrease<br>( <u>7.0%</u> ) | Current Assumption<br>( <u>8.0%</u> ) | 1% Increase<br>( <u>9.0%</u> ) |
| Employer's proportionate<br>share of the net pension asset<br>(liability) | \$ (1,581,554)                 | \$ 23,185,564                         | \$ 44,306,714                  |

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

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

Pension Plan Fiduciary Net Position

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

|   | <u>ERS</u><br>April 1, 2015 | <u>TRS</u><br>June 30, 2014 |
|---|-----------------------------|-----------------------------|
| Valuation date  |                             |                             |
| Employers' total pension asset/(liability)                                    | \$ (172,303,544,000)        | \$ (99,332,103,743)         |
| Plan Net Position   | <u>156,253,265,000</u>      | <u>109,718,916,659</u>      |
| Employer's net pension asset/(liability)                                      | <u>\$ (16,050,279,000)</u>  | <u>\$ 10,386,812,916</u>    |
| <br>  |                             |                             |
| Ration of plan net position to the Employer's total pension asset/(liability) | 90.7%                       | 110.46%                     |

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2016 amounted to \$484,965.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2016 are paid to the System in September, October, and November 2016 through a state aid intercept. Accrued retirement contributions as of June 30, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 based on paid TRS wages multiplied by the employer's contribution rate by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2016 amounted to \$4,778,124.

NOTE 13 – EVENTS OCCURRING AFTER REPORTING DATE

The District has evaluated events and transactions that occurred between June 30, 2016 and September 17, 2016, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2016

NOTE 14 – RESTATED BALANCES

The beginning fund balance in the General Fund for the year ended June 30, 2016 has been restated to adjust for the following items accrued at June 30, 2015:

|  |                     |
|--|---------------------|
| Long term portion of retiree health insurance                        | \$ 2,671,226        |
| Long term portion of compensated absences                            | 2,208,000           |
| Anticipated pay increases  | 3,194,202           |
| Insurance premium attributable to fiscal 2016                        | 327,398             |
| Potential legal fees   | <u>150,000</u>      |
| Adjustment to beginning fund balance in governmental fund statements | <u>\$ 8,550,826</u> |

The beginning net position in the statement of activities for the year ended June 30, 2016 has been restated for the following items:

|   |                     |
|---|---------------------|
| Retiree health insurance liability accrued in the General Fund at June 30, 2015 | \$ 2,671,226        |
| Anticipated pay increases   | 3,194,202           |
| Insurance premium attributable to fiscal 2016                                   | 327,398             |
| Potential legal fees  | 150,000             |
| Deferred outflows of resources included in long term liabilities                | <u>172,667</u>      |
| Adjustment to beginning net position in full accrual statements                 | <u>\$ 6,515,493</u> |

NOTE 15 – SUBSEQUENT EVENTS

On August 11, 2016, the District issued a \$6.5 million bond anticipation note, which bears interest at 0.85% and matures on August 11, 2017. The proceeds of the note are to be turned over to the Moffat Library of Washingtonville for renovations and additions to the existing library. The District is required to issue the notes in its name and furnish the proceeds to the Library in accordance with Section 260 of Education Law. The Library will include in its budget a sufficient amount to reimburse the District for all principal and interest payments on the note.

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES,  
 OTHER USES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2016  
 (WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2015)

|  | ORIGINAL<br>BUDGET | REVISED<br>BUDGET | ACTUAL            | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) | 2015<br>ACTUALS   |
|--|--------------------|-------------------|-------------------|--|-------------------|
| REVENUES                                   |                    |                   |                   |  |                   |
| Local Sources:                             |                    |                   |                   |  |                   |
| Real Property Taxes                        | \$ 46,713,463      | \$ 46,713,463     | \$ 46,717,806     | \$ 4,343                               | \$ 46,767,719     |
| Other Tax Items                            | 6,918,296          | 6,918,296         | 7,013,253         | 94,957                                 | 6,864,400         |
| Charges For Services                       | 267,000            | 267,000           | 285,709           | 18,709                                 | 364,194           |
| Use Of Money And Property                  | 207,000            | 207,000           | 254,374           | 47,374                                 | 204,795           |
| Sale Of Property And Compensation For Loss | 23,000             | 23,000            | 98,943            | 75,943                                 | 89,140            |
| Miscellaneous Local Sources                | 365,000            | 371,519           | 636,877           | 265,358                                | 712,772           |
| State Sources:                             |                    |                   |                   |  |                   |
| Basic Formula                              | 21,701,867         | 21,701,867        | 22,372,854        | 670,987                                | 20,165,059        |
| Lottery Aid                                | 5,200,000          | 5,200,000         | 5,123,054         | (76,946)                               | 5,222,376         |
| BOCES                                      | 1,700,000          | 1,700,000         | 1,937,874         | 237,874                                | 1,682,548         |
| Other                                      | 418,025            | 484,025           | 474,707           | (9,318)                                | 493,813           |
| Federal Sources                            | <u>169,000</u>     | <u>169,000</u>    | <u>122,006</u>    | <u>(46,994)</u>                        | <u>149,277</u>    |
| TOTAL REVENUES                             | 83,682,651         | 83,755,170        | 85,037,457        | 1,282,287                              | 82,716,093        |
| OTHER SOURCES                              |                    |                   |                   |  |                   |
| Interfund Transfers                        | <u>-</u>           | <u>-</u>          | <u>-</u>          | <u>-</u>                               | <u>-</u>          |
| TOTAL REVENUES AND OTHER SOURCES           | <u>83,682,651</u>  | <u>83,755,170</u> | <u>85,037,457</u> | <u>1,282,287</u>                       | <u>82,716,093</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES,  
OTHER USES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2015)

| EXPENDITURES                                | ORIGINAL<br>BUDGET | REVISED<br>BUDGET | ACTUAL               | ENCUMBRANCES        | UNENCUMBERED<br>BALANCES | 2015<br>ACTUALS      |
|---|--------------------|-------------------|----------------------|---------------------|--------------------------|----------------------|
| General Support:                            |                    |                   |                      |                     |                          |                      |
| Board Of Education                          | \$ 47,700          | \$ 50,140         | \$ 40,208            | \$ 2,771            | \$ 7,161                 | \$ 27,362            |
| Central Administration                      | 298,126            | 303,736           | 284,872              | 2,412               | 16,452                   | 273,150              |
| Finance                                     | 667,278            | 721,488           | 499,075              | 28,895              | 193,518                  | 548,705              |
| Staff                                       | 546,335            | 558,822           | 504,020              | 30,274              | 24,528                   | 495,320              |
| Central Services                            | 5,505,805          | 6,413,658         | 5,028,738            | 1,043,695           | 341,225                  | 5,555,687            |
| Special Items                               | 923,996            | 939,041           | 903,585              | 23,249              | 12,207                   | 1,110,309            |
| Instructional:                              |                    |                   |                      |                     |                          |                      |
| Instruction, Administration And Improvement | 3,901,173          | 3,920,502         | 3,830,661            | 41,128              | 48,713                   | 3,684,735            |
| Teaching:                                   |                    |                   |                      |                     |                          |                      |
| Regular School                              | 26,103,437         | 25,961,707        | 24,078,959           | 81,680              | 1,801,068                | 23,695,992           |
| Programs For Children With Handicapped      |                    |                   |                      |                     |                          |                      |
| Conditions                                  | 10,995,952         | 10,639,627        | 9,988,360            | 239,494             | 411,773                  | 9,592,096            |
| Occupational Education                      | 1,545,200          | 1,500,045         | 1,467,190            | -                   | 32,855                   | 1,517,951            |
| Special Schools                             | 148,500            | 149,500           | 137,136              | 724                 | 11,640                   | 77,506               |
| Instructional Media                         | 1,179,823          | 2,616,302         | 1,930,046            | 539,029             | 147,227                  | 1,064,349            |
| Pupil Services                              | 4,014,945          | 4,028,969         | 3,751,710            | 30,835              | 246,424                  | 3,774,373            |
| Pupil Transportation                        | 5,070,951          | 5,503,367         | 4,736,258            | 439,911             | 327,198                  | 4,707,359            |
| Employee Benefits                           | 23,030,558         | 23,545,292        | 22,302,756           | 589,442             | 653,094                  | 22,679,617           |
| Debt Service:                               |                    |                   |                      |                     |                          |                      |
| Principal                                   | 2,293,439          | 2,293,439         | 2,293,438            | -                   | 1                        | 2,301,664            |
| Interest                                    | 694,433            | 694,433           | 678,380              | -                   | 16,053                   | 592,576              |
| <b>TOTAL EXPENDITURES</b>                   | <b>86,967,651</b>  | <b>89,840,068</b> | <b>82,455,392</b>    | <b>3,093,539</b>    | <b>4,291,137</b>         | <b>81,698,751</b>    |
| OTHER USES                                  |                    |                   |                      |                     |                          |                      |
| Interfund Transfers Out                     | 375,000            | 400,200           | 400,142              | -                   | 58                       | 553,740              |
| <b>TOTAL EXPENDITURES AND OTHER USES</b>    | <b>87,342,651</b>  | <b>90,240,268</b> | <b>82,855,534</b>    | <b>\$ 3,093,539</b> | <b>\$ 4,291,195</b>      | <b>82,252,491</b>    |
| NET CHANGE IN FUND BALANCE                  | (3,660,000)        | (6,485,098)       | 2,181,923            |                     |                          | 463,602              |
| FUND BALANCE – Beginning Of Year (Restated) | 3,660,000          | 6,485,098         | 29,383,000           |                     |                          | 20,368,572           |
| FUND BALANCE – End Of Year                  | <u>\$ -</u>        | <u>\$ -</u>       | <u>\$ 31,564,923</u> |                     |                          | <u>\$ 20,832,174</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 OTHER POST EMPLOYMENT BENEFITS  
 JUNE 30, 2016

| <u>Actuarial<br/>Valuation Date</u> | <u>Actuarial<br/>Value of Assets (a)</u> | <u>Actuarial Accrued<br/>Liability (AAL) (b)</u> | <u>Unfunded AAL<br/>(UAAL) (b-a)</u> | <u>Funded<br/>Ratio (a/b)</u> | <u>Estimated<br/>Covered Payroll (c)</u> | <u>UAAL as a<br/>Percentage of<br/>Covered Payroll<br/>((b-a)/c)</u> |
|-------------------------------------|--|--|--------------------------------------|-------------------------------|--|--|
| 7/1/2010                            | \$ -                                     | \$ 129,157,613                                   | \$ 129,157,613                       | 0%                            | \$ 41,094,519                            | 314.3%   |
| 7/1/2012                            | -  | 188,966,775                                      | 188,966,775                          | 0%                            | 39,051,820                               | 483.9%   |
| 7/1/2014                            | -  | 222,018,423                                      | 222,018,423                          | 0%                            | 37,858,936                               | 586.4%   |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY  
 YEAR ENDED JUNE 30, 2016

TRS System – Asset

|   | <u>2016</u>   | <u>2015</u>   |
|---|---------------|---------------|
| The District's proportion of the net pension asset  | 0.223%        | 0.224%        |
| The District's proportionate share of the net pension asset   | \$ 23,185,564 | \$ 24,944,101 |
| The District's covered employee payroll   | 33,530,724    | 33,137,674    |
| The District's proportionate share of the net pension asset as a percentage of covered employee payroll | 69.15%        | 75.27%        |
| Plan Fiduciary net position as a percentage of the total pension liability                              | 110.46%       | 111.48%       |

ERS System – Liability

|   | <u>2016</u>  | <u>2015</u>  |
|---|--------------|--------------|
| The District's proportion of the net pension liability  | 0.0285%      | 0.0298%      |
| The District's proportionate share of the net pension liability   | \$ 4,581,293 | \$ 1,007,110 |
| The District's covered employee payroll   | 8,016,964    | 8,000,000    |
| The District's proportionate share of the net pension liability as a percentage of covered employee payroll | 57.15%       | 12.59%       |
| Plan Fiduciary net position as a percentage of the total pension liability                                  | 90.7%        | 97.9%        |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS  
 YEAR ENDED JUNE 30, 2016

TRS System

|   | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      | <u>2013</u>      | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|------------------|------------------|------------------|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution                                 | \$ 4,510,515     | \$ 5,584,872     | \$ 4,148,663     | \$ 3,855,159     | N/A         | N/A         | N/A         | N/A         | N/A         | N/A         |
| Contribution in relation to the contractually required contribution | <u>4,510,515</u> | <u>5,584,872</u> | <u>4,148,663</u> | <u>3,855,159</u> | N/A         | N/A         | N/A         | N/A         | N/A         | N/A         |
| Contribution deficiency (excess)                                    | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Contribution as a percentage of covered employee payroll            | 13.26%           | 17.53%           | 16.25%           | 11.84%           | 11.11%      | 8.62%       | 6.19%       | 7.63%       | 8.73%       | 8.60%       |

ERS System

|   | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      | <u>2013</u>      | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|------------------|------------------|------------------|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution                                 | \$ 1,404,132     | \$ 1,683,524     | \$ 1,418,945     | \$ 1,431,548     | N/A         | N/A         | N/A         | N/A         | N/A         | N/A         |
| Contribution in relation to the contractually required contribution | <u>1,404,132</u> | <u>1,683,524</u> | <u>1,418,945</u> | <u>1,431,548</u> | N/A         | N/A         | N/A         | N/A         | N/A         | N/A         |
| Contribution deficiency (excess)                                    | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Contribution as a percentage of covered employee payroll            | 17.51%           | 21.04%           | N/A              | N/A              | N/A         | N/A         | N/A         | N/A         | N/A         | N/A         |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET  
GENERAL FUND  
YEAR ENDED JUNE 30, 2016

|                              |                      |
|------------------------------|----------------------|
| ADOPTED BUDGET               | \$ 87,342,651        |
| ADDITIONS:                   |                      |
| Encumbrances From Prior Year | 2,687,481            |
| Appropriated Reserves        | 137,617              |
| Supplemental Appropriations  | <u>72,519</u>        |
| FINAL BUDGET                 | <u>\$ 90,240,268</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
REAL PROPERTY TAX LIMIT  
YEAR ENDED JUNE 30, 2016

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

|  |                  |                      |
|--|------------------|----------------------|
| 2016-2017 Voter Approved Expenditure Budget                            |                  | <u>\$ 89,401,006</u> |
| Maximum allowed (4% of 2016-2017 Budget)                               |                  | <u>\$ 3,576,040</u>  |
| General Fund Balance subject to Section 1318 of Real Property Tax Law: |                  |                      |
| Unrestricted Fund Balance:   |                  |                      |
| Assigned Fund Balance *  | 10,247,741       |                      |
| Unassigned Fund Balance  | <u>4,897,135</u> |                      |
| Total Unrestricted Fund Balance  |                  | 15,144,876           |
| Less:  |                  |                      |
| Appropriated Fund Balance  | 3,960,000        |                      |
| Encumbrances included in Assigned Fund Balance                         | <u>3,093,539</u> |                      |
| Total Adjustments  |                  | <u>7,053,539</u>     |
| General Fund Balance subject to Section 1318 of Real Property Tax Law: |                  |                      |
|  |                  | <u>\$ 8,091,337</u>  |
| Actual Percentage  |                  | 9.05%                |

\* Note – On August 22, 2016, the Board of Education passed a resolution to appropriate \$3,194,202 of fund balance to the ongoing capital project. That amount has been reported as assigned fund balance as of June 30, 2016, since it has been set aside for a purpose narrower than the General Fund as a whole. Although this portion of assigned fund balance is not included in the calculation of fund balance subject to Section 1318 of Real Property Tax Law, the District’s effective unassigned fund balance will be 5.48% of the subsequent year’s budget once this amount is transferred to the Capital Projects Fund in fiscal 2017.

SEE ACCOMPANYING NOTES AND AUDITORS’ OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
 SCHEDULE OF PROJECT EXPENDITURES  
 CAPITAL PROJECTS FUND  
 YEAR ENDED JUNE 30, 2016

| PROJECT TITLE                      | ORIGINAL<br>APPROPRIATIONS | REVISED<br>APPROPRIATIONS | EXPENDITURES   |                     |           | UNEXPENDED<br>BALANCE | METHODS OF FINANCING |                  |            | FUND BALANCE<br>JUNE 30, 2016 |
|------------------------------------|----------------------------|---------------------------|----------------|---------------------|-----------|-----------------------|----------------------|------------------|------------|-------------------------------|
|                                    |                            |                           | PRIOR<br>YEARS | CURRENT<br>YEARS    | TOTAL     |                       | PROCEEDS<br>OF DEBT  | LOCAL<br>SOURCES | TOTAL      |                               |
| Capital                            | \$ 100,000                 | \$ 200,000                | \$ 92,257      | \$ -                | \$ 92,257 | \$ 107,743            | \$ -                 | \$ 200,000       | \$ 200,000 | \$ 107,743                    |
| High School Stage                  | 100,000                    | 200,000                   | 184,977        | -                   | 184,997   | 15,023                | -                    | 200,000          | 200,000    | 15,023                        |
| Middle School Sidewalks            | 100,000                    | 100,000                   | -              | 99,306              | 99,306    | 694                   | -                    | 100,000          | 100,000    | 694                           |
| Middle School Hurricane<br>Project | 230,000                    | 230,000                   | 182,107        | -                   | 182,107   | 47,893                | -                    | 230,000          | 230,000    | 47,893                        |
| Buses                              | 690,000                    | 690,000                   | -              | 689,806             | 689,806   | 194                   | 590,000              | 101,858          | 691,858    | 2,052                         |
| Construction And<br>Reconstruction | 59,995,174                 | 59,995,174                | -              | 2,004,427           | 2,004,427 | 57,990,747            | -                    | -                | -          | (2,004,427)                   |
| Equipment                          | 60,000                     | 60,000                    | -              | 60,000              | 60,000    | -                     | 60,000               | -                | 60,000     | -                             |
|                                    |                            |                           |                | <u>\$ 2,853,539</u> |           |                       |                      |                  |            | <u>\$ (1,831,022)</u>         |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2016

|   |                      |
|---|----------------------|
| Capital Assets, Net                     | \$ 47,772,305        |
| Less: Outstanding Bonds                 | (17,525,000)         |
| Outstanding Energy Performance Contract | <u>(1,807,320)</u>   |
| Net Investment in Capital Assets        | <u>\$ 28,439,985</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2016

| <u>GRANTOR AGENCY</u>                                       | <u>CFDA<br/>NUMBER</u> | <u>PASS-THROUGH<br/>GRANTORS<br/>NUMBER</u> | <u>EXPENDITURES<br/>CURRENT YEAR</u> |
|---|------------------------|---|--------------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE:                             |                        |   |                                      |
| Passed Through State Dept. of Education:                    |                        |   |                                      |
| School Lunch Program  | 10.555                 | N/A   | \$ 457,925                           |
| School Breakfast Program                                    | 10.553                 | N/A   | <u>52,528</u>                        |
| Total Child Nutrition Cluster                               |                        |   | 510,453                              |
| Passed Through State Dept. of Health and<br>Human Services: |                        |   |                                      |
| Commodity Supplement Food Program<br>(Non-cash)             | 10.565                 | N/A   | <u>99,473</u>                        |
| TOTAL U.S. DEPT. OF AGRICULTURE                             |                        |   | <u>609,926</u>                       |
| U.S. DEPARTMENT OF EDUCATION                                |                        |   |                                      |
| Passed Through State Department of Education                |                        |   |                                      |
| Title I   | 84.010A                | 021-16-2220                                 | 409,819                              |
| Title I   | 84.010A                | 021-15-2220                                 | 9,618                                |
| IDEA, Part B  | 84.027A                | 032-16-0675                                 | 929,555                              |
| IDEA, Pre-School  | 84.173A                | 033-16-0675                                 | <u>34,360</u>                        |
| Total Special Education Cluster                             |                        |   | <u>963,915</u>                       |
| Title II, A   | 84.367A                | 147-15-2220                                 | <u>103,410</u>                       |
| TOTAL U.S. DEPARTMENT OF EDUCATION                          |                        |   | <u>1,486,762</u>                     |
| TOTAL FEDERAL FINANCIAL ASSISTANCE                          |                        |   | <u>\$ 2,096,688</u>                  |

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2016

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

|                     |                         |
|---------------------|-------------------------|
| Governmental Funds: |                         |
| Special Aid Fund    | \$ 1,486,762            |
| School Lunch Fund   | <u>609,926</u>          |
| <br>TOTAL           | <br><u>\$ 2,096,688</u> |

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Washingtonville Central School District, New York as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Washingtonville Central School District, New York's basic financial statements and have issued our report thereon dated September 17, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Washingtonville Central School District, New York's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Washingtonville Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Washingtonville Central School District, New York's internal control.

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Mongaup Valley, New York  
September 17, 2016

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Washingtonville Central School District, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Washingtonville Central School District, New York's major federal programs for the year ended June 30, 2016. The Washingtonville Central School District, New York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Washingtonville Central School District, New York's compliance with those requirements.

### **Opinion on Each Major Federal Program**

In our opinion, the Washingtonville Central School District, New York complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

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

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

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

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

A handwritten signature in cursive script that reads "Cooper Arias" followed by a stylized flourish.

Mongaup Valley, New York  
September 17, 2016

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016

Summary of Auditors' Results:

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

|                  |         |
|------------------|---------|
| IDEA, Part B     | 84.027A |
| IDEA, Pre-School | 84.173A |
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Washingtonville Central School District was determined to be a low-risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016

No findings noted in the prior year.

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis, of the Extraclassroom Activity Funds of the Washingtonville Central School District as of June 30, 2016, and the related statements of cash receipts, disbursements and changes in fund balance – cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the financial statements of the Extraclassroom Activity Funds of the Washingtonville Central School District as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position – cash basis, of the Extraclassroom Activity Funds of the Washingtonville Central School District as of June 30, 2016, and the changes in financial position – cash basis, for the year then ended in accordance with the basis of accounting described in Note 2.

### **Basis of Accounting**

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

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

  
Mongaup Valley, New York  
September 17, 2016

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
EXTRACLASROOM ACTIVITY FUND  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE-CASH BASIS  
JUNE 30, 2016

|              |                   |
|--------------|-------------------|
| ASSETS       |                   |
| Cash         | <u>\$ 112,511</u> |
| TOTAL ASSETS | <u>\$ 112,511</u> |
| FUND BALANCE | <u>\$ 112,511</u> |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCE-CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

| ACTIVITY                       | CASH & FUND         |                   |                   | CASH & FUND         |
|--------------------------------|---------------------|-------------------|-------------------|---------------------|
|                                | BALANCE<br>07/01/15 | RECEIPTS          | DISBURSEMENTS     | BALANCE<br>06/30/16 |
| Class of 2016                  | \$ 3,722            | \$ 30,432         | \$ 34,154         | \$ -                |
| Class of 2017                  | 3,122               | 24,376            | 24,151            | 3,347               |
| Class of 2018                  | 1,226               | 6,167             | 3,057             | 4,336               |
| Class of 2019                  | -                   | 2,522             | 991               | 1,531               |
| AADA                           | 463                 | 71                | 168               | 366                 |
| Drama Club                     | 22,301              | 26,540            | 23,840            | 25,001              |
| MS Drama Club                  | 2,023               | 11,105            | 11,751            | 1,377               |
| FBLA                           | 22                  | 29                | 51                | -                   |
| GSA                            | 256                 | 76                | 7                 | 325                 |
| MS Language Club               | 349                 | -                 | -                 | 349                 |
| Literary Magazine              | 2,647               | 1,433             | 1,225             | 2,855               |
| HS Language Club               | 887                 | 5,716             | 4,733             | 1,870               |
| Math Honor Society             | 964                 | -                 | 141               | 823                 |
| Memorial Park Maintenance Club | 501                 | 55                | 473               | 83                  |
| Newspaper Club                 | 60                  | -                 | -                 | 60                  |
| JROTC                          | 857                 | 11,972            | 6,876             | 5,953               |
| Science Honor Society          | 1,594               | -                 | -                 | 1,594               |
| Ski Club                       | 37                  | -                 | -                 | 37                  |
| MS Ski Club                    | 929                 | 484               | 644               | 769                 |
| National Honor Society         | 2,984               | 5,947             | 8,394             | 537                 |
| Yearbook                       | 10,616              | 9,147             | 10,271            | 9,492               |
| National Junior Honor Society  | 4,669               | 750               | 1,317             | 4,102               |
| MS Student Council             | 23,584              | 7,556             | 6,165             | 24,975              |
| MS Yearbook                    | 5,659               | 4,580             | 5,916             | 4,323               |
| MS Recycle Club                | 205                 | 267               | -                 | 472                 |
| Student Coalition              | <u>18,562</u>       | <u>91,589</u>     | <u>92,217</u>     | <u>17,934</u>       |
| TOTAL                          | <u>\$ 108,239</u>   | <u>\$ 240,814</u> | <u>\$ 236,542</u> | <u>\$ 112,511</u>   |

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016

NOTE 1 - DESCRIPTION OF OPERATIONS

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Interest Income

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

Bank Charges

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

Inactive Accounts

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