

**WEST GENESEE
CENTRAL SCHOOL DISTRICT**

FINANCIAL REPORT

June 30, 2017



WEST GENESEE CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS FOR THE YEAR ENDED JUNE 30, 2017

Independent Auditor's Report	1-3
Required Supplementary Information Management's Discussion and Analysis	4-4i
Basic Financial Statements	
District-wide Financial Statements	
Statement of Net Position	5-5a
Statement of Activities	6
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds	7-7a
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	8
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	9-9a
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	10
Statement of Fiduciary Net Position - Fiduciary Funds	11
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	12
Notes to Financial Statements	13-43
Required Supplementary Information	
Schedule of Revenues Compared to Budget (Non-GAAP) - General Fund	44
Schedule of Expenditures Compared to Budget (Non-GAAP) - General Fund	45-45a
Schedule of Funding Progress.....	46
Schedules of School District Contributions - NYSLRS and NYSTRS	
Pension Plans	47-47a
Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability	48
Notes to Required Supplementary Information	49-52
Supplementary Financial Information	
Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit	53
Schedule of Project Expenditures - Capital Projects Fund	54-54a
Schedule of Net Investment in Capital Assets	55

WEST GENESEE CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS FOR THE YEAR ENDED JUNE 30, 2017

Report Required Under Government Auditing Standards	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56-57
Reports Required Under the Single Audit Act (Uniform Guidance)	
Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control over Compliance Required by Uniform Guidance	58-59
Schedule of Expenditures of Federal Awards	60
Notes to Schedule of Expenditures of Federal Awards	61
Schedule of Findings and Questioned Costs	62

INDEPENDENT AUDITOR'S REPORT

Board of Education
West Genesee Central School District
Camillus, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Genesee Central School District (the School District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended June 30, 2017, the School District adopted Government Accounting Standards Board (GASB) Statement No. 77, "Tax Abatement Disclosures." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, Schedule of Funding Progress, the Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans, the Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability and related notes on pages 4-4i and 44-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The supplementary information on pages 53-55 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The supplementary information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2017 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 4, 2017

WEST GENESEE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

The following is a discussion and analysis of West Genesee Central School District's (the School District) financial performance for the fiscal year ended June 30, 2017. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The School District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." The School District's annual OPEB cost for 2017 was \$2,492,340. However, the School District's expected employer contributions totaled \$(1,465,775) during the current fiscal year, resulting in a net increase in OPEB liabilities \$1,026,565. Accumulated OPEB liabilities at June 30, 2017 totaled \$13,388,211.
- The Statement of Net Position reflects a total net position of \$32,362,468 at June 30, 2017. This increased from a total net position of \$30,307,357 at June 30, 2016.
- The Statement of Activities shows the School District's revenues exceeding its expenses by \$2,055,111 at June 30, 2017. This compares to revenues exceeding expenses by \$5,415,847 at June 30, 2016.
- The School District complies with Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment of GASB Statement No. 27," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." As a result, pension expense increased in the District-wide financial statements by \$24,472 for the year ended June 30, 2017, compared to a reduction in pension expense of \$(5,449,287) in the prior year. See Note 10 for detailed information.
- NYSTRS made significant changes in assumptions related to pensions, including changing the valuation rate of interest from 8% to 7.5%. This caused the TRS asset to decline and become a liability. However, the decline was offset by related changes to outflows of resources and improvements in investment earnings. Overall, the effect these changes in TRS and less dramatic changes in ERS had on the School District's proportionate share of pension liabilities and deferred inflows and outflows of resources had a minimal effect on net position.
- Indebtedness of the School District at June 30, 2017, in the amount of \$51,242,126, increased \$4,461,630 from \$46,780,496 in 2016 largely as a result of the issuance of serial bonds offset by a reduction in bond anticipation notes at year end.
- Total fund balance in the General Fund, including reserves, was \$12,333,444 at June 30, 2017, which increased \$505,744 from \$11,827,700 at June 30, 2016.

WEST GENESEE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year, a Schedule of Funding Progress related to the School District's unfunded actuarial liability for postemployment benefits and information related to the School District pension obligations.

District-wide Financial Statements

The District-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets, deferred outflows, liabilities, and deferred inflows. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide financial statements report the School District's net position and how it has changed. Net position - the difference between the School District's assets, deferred outflows of resources, deferred inflows of resources, and liabilities - is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the School District's activities are shown as Governmental Activities. Most of the School District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

WEST GENESEE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Governmental Fund Financial Statements

The Governmental Fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "Major" Funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The School District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship Fund and the Student Activities Funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2016</i>	<i>2017</i>	<i>2016 - 2017</i>
<i>Current assets</i>	\$ 16,895,625	\$ 16,197,875	\$ (697,750)
<i>Noncurrent assets</i>	27,429,758	6,897,781	(20,531,977)
<i>Capital assets, net</i>	62,201,846	69,583,281	7,381,435
<i>Total Assets</i>	\$ 106,527,229	\$ 92,678,937	\$ (13,848,292)
<i>Pensions</i>	8,932,685	24,203,643	15,270,958
<i>Deferred charges on defeased debt</i>	775,755	630,775	(144,980)
<i>Total Deferred Outflows of Resources</i>	\$ 9,708,440	\$ 24,834,418	\$ 15,125,978
<i>Current liabilities</i>	32,812,739	18,499,235	(14,313,504)
<i>Noncurrent liabilities</i>	45,033,156	65,356,973	20,323,817
<i>Total Liabilities</i>	\$ 77,845,895	\$ 83,856,208	\$ 6,010,313
<i>Pensions</i>	8,082,417	1,294,679	(6,787,738)
<i>Total Deferred Inflows of Resources</i>	\$ 8,082,417	\$ 1,294,679	\$ (6,787,738)
<i>Net investment in capital assets</i>	21,470,731	23,971,930	2,501,199
<i>Restricted</i>	5,642,620	7,199,833	1,557,213
<i>Unrestricted</i>	3,194,006	1,190,705	(2,003,301)
<i>Total Net Position</i>	\$ 30,307,357	\$ 32,362,468	\$ 2,055,111

WEST GENESEE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

The net decrease of \$(697,750) in current assets is due mainly to a decrease current cash and an increase in noncurrent cash resulting from a board resolution moving \$1,280,000 into the employee benefit accrued liability reserve. The decrease in noncurrent assets of \$(20,531,977) reflects a decrease from the prior year TRS net pension asset of \$21,787,138 to a net pension liability of \$(2,264,208), resulting from changes in actuarial assumptions. The increase in capital assets, net, resulted mainly from capital outlay exceeding depreciation expense.

The increase in deferred inflows of resources and the decrease in deferred outflows of resources is related to the change in actuarial assumptions for the NYSTRS pension plan as well as a net difference between projected and actual earnings on pension plan investments.

The decrease in current liabilities and the increase in noncurrent liabilities stems from the decrease in bond anticipation notes (BANs) of \$15,206,910 and the conversion of BANs into \$19,755,000 of long-term bonds.

The increase in restricted fund balance is the result of the increase of \$1,280,000 of the employee benefit accrued liability reserve. The increase in net investment in capital assets resulted from the increase in capital assets, net, normal debt payments, which was offset by the issuance of new debt. The net effect of the School District's activities resulted in an increase of \$2,055,111, or 6.8%, in net position for the fiscal year ended June 30, 2017.

The analysis in *Figure 2* considers the operations of the School District's activities.

Figure 2

Changes in Net Position	Governmental Activities and Total School District		Total Dollar Change
	2016	2017	2016 - 2017
REVENUES			
<i>Program revenues:</i>			
<i>Charges for services</i>	\$ 1,998,751	\$ 2,337,668	\$ 338,917
<i>Operating grants and contributions</i>	3,148,935	3,408,770	259,835
<i>Capital grants and contributions</i>	-	1,033,668	1,033,668
<i>General revenues:</i>			
<i>Real Property taxes</i>	37,280,282	38,219,995	939,713
<i>Other taxes</i>	9,151,788	9,104,065	(47,723)
<i>State sources</i>	29,691,878	32,060,986	2,369,108
<i>Use of money and property</i>	178,377	222,098	43,721
<i>Other general revenues</i>	691,706	753,314	61,608
Total Revenues	\$ 82,141,717	\$ 87,140,564	\$ 4,998,847
PROGRAM EXPENSES			
<i>General support</i>	7,550,156	8,347,566	797,410
<i>Instruction</i>	59,290,654	66,068,904	6,778,250
<i>Pupil transportation</i>	7,280,608	7,934,173	653,565
<i>School lunch program</i>	1,589,047	1,888,305	299,258
<i>Interest on debt</i>	1,015,405	846,505	(168,900)
Total Expenses	\$ 76,725,870	\$ 85,085,453	\$ 8,359,583
INCREASE IN NET POSITION	\$ 5,415,847	\$ 2,055,111	\$ (3,360,736)

WEST GENESEE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Total revenues for the School District's Governmental Activities increased \$4,998,847, or 6.08%, primarily due to an increase in excel state aid of \$1,033,668, general aid of \$1,799,212, and property taxes of \$939,713 due to an increase in the voter approved tax levy. Total expenses increased \$8,359,583, or 10.89%, due to the decrease in the capitalization of fixed assets of \$2,300,508 from prior year, and increases in instructional salary expense of \$1,731,253. The increase is also attributable to the increase of pension expense of \$5,424,815 based on changes in assumptions for the NYSTRS pension plan.

Figures 3 and 4 show the sources of revenue for 2017 and 2016.

Figure 3

Sources of Revenue for 2017

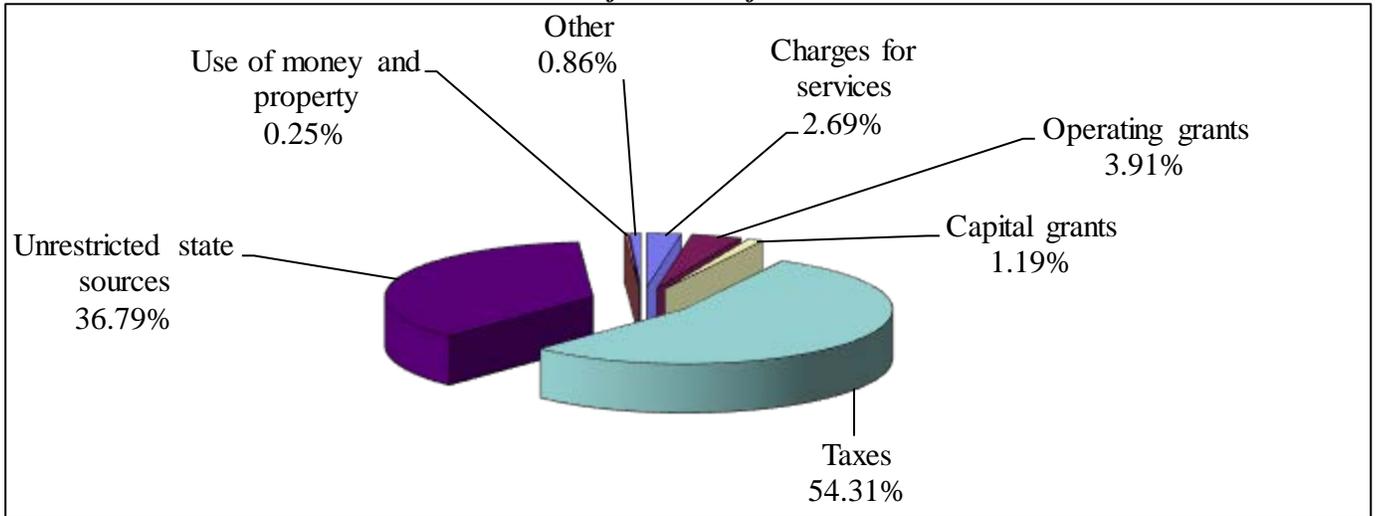
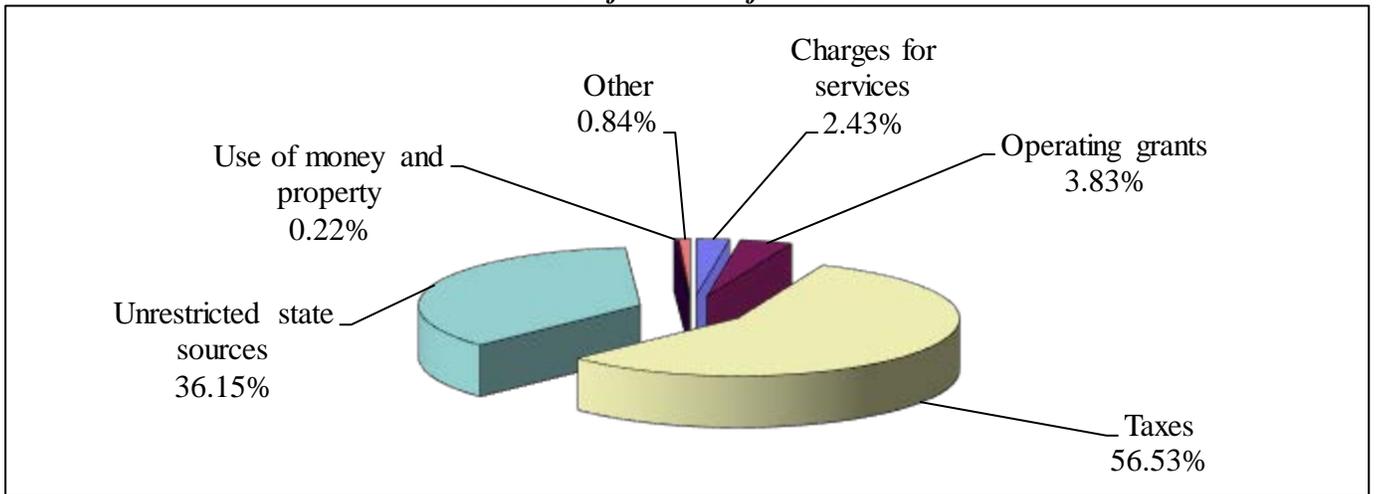


Figure 4

Sources of Revenue for 2016



WEST GENESEE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Figures 5 and 6 present the cost for each of the School District's programs for 2017 and 2016.

Figure 5

Cost of Programs for 2017

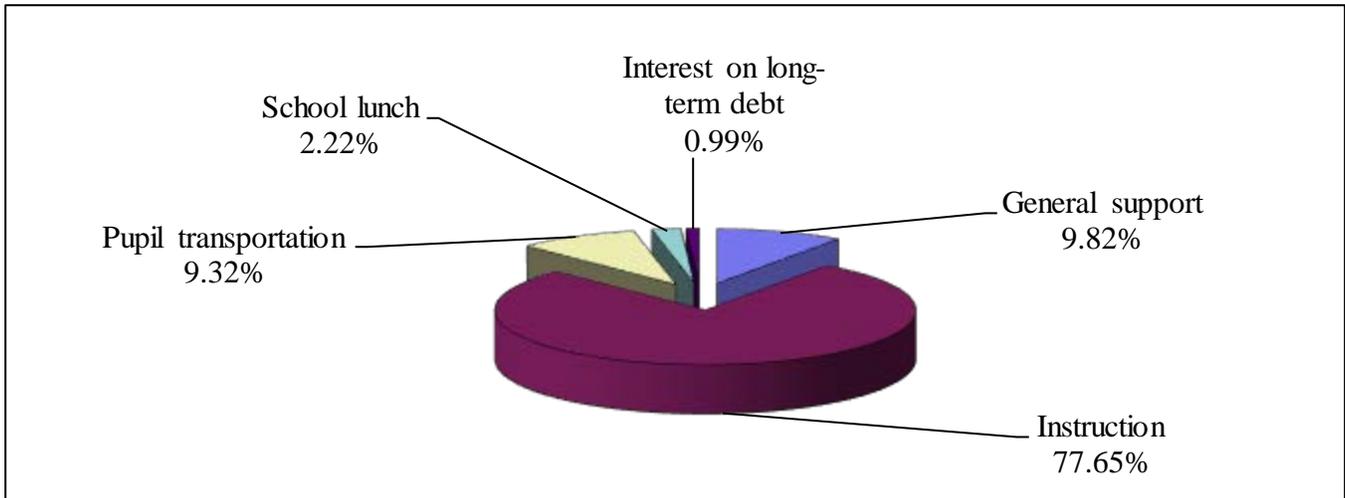
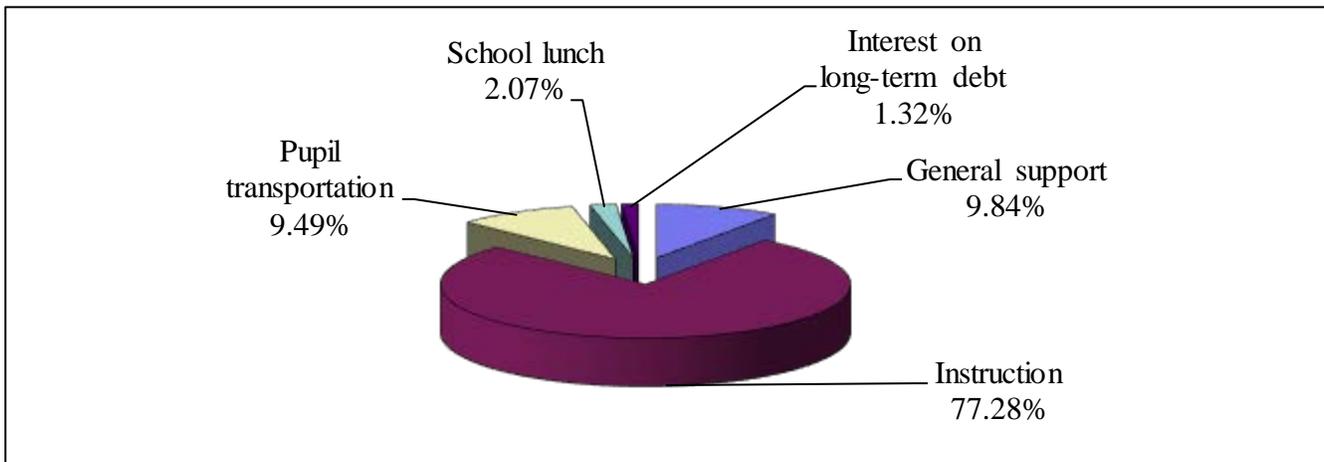


Figure 6

Cost of Programs for 2016



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the changes in fund balance for the year for the School District's Major Funds. As the School District completed the year, its Governmental Funds, as presented in the Balance Sheet, reported an increase in total fund balances of \$15,773,302. This increase is primarily related to the increase in fund balance of the Capital Projects Fund - Construction of \$15,443,633 which is attributable to the conversion of short-term financing to long-term.

WEST GENESEE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Figure 7

<i>Governmental Fund Balances</i>	<i>2016</i>	<i>2017</i>	<i>Total Dollar Change 2016-2017</i>
<i>General Fund</i>	\$ 11,827,700	\$ 12,333,444	\$ 505,744
<i>School Lunch Fund</i>	37,390	147,306	109,916
<i>Capital Fund - Construction</i>	(15,240,434)	203,199	15,443,633
<i>Capital Fund - Buses</i>	(2,894,050)	(3,180,041)	(285,991)
<i>Total Governmental Funds</i>	\$ (6,269,394)	\$ 9,503,908	\$ 15,773,302

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the School District revised the budget several times. These budget amendments consisted of budget transfers between functions, and budget revisions as noted in the footnotes to required supplementary information. Actual charges to appropriations (expenditures and encumbrances) were below the final budget amounts by \$1,598,278. Actual revenues exceeded budgeted amounts by \$1,195,328; primarily due to unanticipated BOCES refunds.

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances), and the variances for the year ending June 30, 2017.

Figure 8

<i>Condensed Budgetary Comparison General Fund - 2017</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
REVENUES				
<i>Real property taxes</i>	\$ 37,946,170	\$ 37,846,170	\$ 38,219,995	\$ 373,825
<i>Other tax items</i>	9,234,460	9,320,430	9,104,065	(216,365)
<i>State sources</i>	32,451,395	32,491,395	32,614,928	123,533
<i>Federal Sources</i>	100,000	100,000	305,967	205,967
<i>Other, including financing sources</i>	1,095,145	1,134,373	1,842,741	708,368
<i>Total Revenues and Other Financing Sources</i>	\$ 80,827,170	\$ 80,892,368	\$ 82,087,696	\$ 1,195,328
<i>Appropriated Fund Balances, and Encumbrances</i>	\$ 2,900,993	\$ 2,922,243		
EXPENDITURES				
<i>General support</i>	\$ 7,273,469	7,465,874	\$ 7,121,333	344,541
<i>Instruction</i>	47,098,283	47,420,523	46,823,012	597,511
<i>Pupil transportation</i>	5,263,191	5,157,910	5,054,842	103,068
<i>Employee benefits</i>	17,676,170	17,858,084	17,434,661	423,423
<i>Debt service</i>	6,269,550	5,834,207	5,725,164	109,043
<i>Other financing uses</i>	147,500	78,013	57,321	20,692
<i>Total Expenditures and Other Financing (Uses)</i>	\$ 83,728,163	\$ 83,814,611	\$ 82,216,333	\$ 1,598,278

WEST GENESEE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the School District had invested in a broad range of capital assets. The net value of capital assets of \$69,583,281 represents a net increase of \$7,381,435 from the prior year.

Figure 9

<i>Changes in Capital Assets</i>	<i>2016</i>	<i>2017</i>	<i>Total Dollar Change 2016-2017</i>
<i>Land</i>	\$ 941,810	\$ 941,810	\$ -
<i>Construction in progress</i>	15,122,402	19,359,651	4,237,249
<i>Buildings, net</i>	39,205,209	42,663,412	3,458,203
<i>Improvements, net</i>	1,054,360	914,320	(140,040)
<i>Equipment, net</i>	5,878,065	5,704,088	(173,977)
<i>Total</i>	\$ 62,201,846	\$ 69,583,281	\$ 7,381,435

Capital asset activity for the year ended June 30, 2017 included the following:

Construction in progress	\$ 9,014,641
Buildings	320,681
Buses	1,199,554
Equipment	79,346
Total additions	<u>10,614,222</u>
Less net book value of disposed equipment	(11,083)
Less depreciation expense	<u>(3,221,704)</u>
Net Increase in Capital Assets	<u>\$ 7,381,435</u>

Debt Administration

Debt, both short and long-term, considered a liability of Governmental Activities, increased by \$4,461,630 in 2017, as shown in *Figure 10*. The increase in serial bonds resulted from the issuance of \$19,755,000 in bonds as well as \$3,363,256 in bond premium, offset by the repayment of principal. In addition, BANs decreased due to the conversion of short-term debt into long-term debt. Total indebtedness represented 33.1% of the constitutional debt limit, exclusive of building aid estimates.

WEST GENESEE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Figure 10

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change 2016-2017</i>
	<i>2016</i>	<i>2017</i>	
<i>RANs</i>	\$ 5,000,000	\$ 5,000,000	\$ -
<i>BANs</i>	18,408,110	3,201,200	(15,206,910)
<i>Installment purchase debt</i>	1,360,000	1,226,000	(134,000)
<i>Serial bonds</i>	22,012,386	41,814,926	19,802,540
<i>Total</i>	\$ 46,780,496	\$ 51,242,126	\$ 4,461,630

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

The School District's bond rating is AAA, which did not change from the prior year.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The School District continues to work through significant changes in state and federal funding methodologies. The School District has also seen a reduction in sales tax revenues received from Onondaga County. In the face of these challenges, including the tax cap legislation, the School District will continue to focus on providing the best educational and extracurricular programs possible. The School District retains the expectation to exceed New York State academic achievement standards. As a result of these expectations, each graduating class since 1994 has performed at a very high level. The class of 2017 had 96% of graduates receive a Regents Diploma and an overall completer rate of 92% prior to the final August 2017 exam results.
- As shown below, the School District's enrollment has seen a moderate decline, however is now stabilizing. In reviewing enrollment projections, it appears student enrollment will stabilize over the next several years. The School District completed a comprehensive census during the 2008-2009 school year. The results of this census are being used to guide direction of future facility additions and renovations.

Year	Enrollment
2005-06	5,155
2006-07	5,175
2007-08	5,184
2008-09	5,103
2009-10	5,000
2010-11	4,939
2011-12	4,794
2012-13	4,779
2013-14	4,787
2014-15	4,721
2016-17	4,584

WEST GENESEE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

- The School District continues to monitor its enrollment and complete long range budget planning. This planning will play an essential role in evaluating the potential and timing of offering a Pre-K program in future years. At the current time, this has been placed on hold until State funding becomes available.
- There continues to be a significant amount of commercial development within the School District's boundaries. This will have a positive economic impact moving forward.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, West Genesee Central School District, at 300 Sanderson Drive, Camillus, New York 13031-1655.

WEST GENESEE CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2017

ASSETS

Current Assets

Cash - Unrestricted	\$ 13,479,771
Cash - Restricted	<u>241,448</u>
Receivables:	
State and federal aid	<u>1,031,987</u>
Due from other governments	<u>1,355,769</u>
Other	<u>40,447</u>
Inventories	<u>48,453</u>
Total Current Assets	<u>16,197,875</u>

Noncurrent Assets

Restricted cash	<u>6,897,781</u>
Capital assets, net:	
Nondepreciable capital assets	<u>20,301,461</u>
Depreciable capital assets, net	<u>49,281,820</u>
Total Noncurrent Assets	<u>76,481,062</u>

Total Assets	<u>92,678,937</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred charges on defeased debt	<u>630,775</u>
Pensions	<u>24,203,643</u>
Total Deferred Outflows of Resources	<u>24,834,418</u>

LIABILITIES

Current Liabilities

Payables:	
Accounts payable	<u>155,216</u>
Accrued liabilities	<u>361,998</u>
Due to other governments	<u>27,926</u>
Bond interest and matured bonds	<u>234,737</u>
Revenue anticipation notes payable	<u>5,000,000</u>
Bond anticipation notes payable	<u>3,201,200</u>
Unearned revenues	<u>1,826</u>
Overpayments and collections in advance	<u>38,461</u>
Due to Teachers' Retirement System	<u>4,331,142</u>
Due to Employees' Retirement System	<u>457,127</u>
Current portion of long-term liabilities:	
Bonds payable	<u>4,379,933</u>
Installment purchase debt payable	<u>140,000</u>
Compensated absences payable	<u>169,669</u>
Total Current Liabilities	<u>18,499,235</u>

LIABILITIES (CONTINUED)**Noncurrent Liabilities**

Bonds payable	\$ 37,434,993
Installment purchase debt payable	<u>1,086,000</u>
Compensated absences payable	<u>8,518,586</u>
Other postemployment benefits liability	<u>13,388,211</u>
Net pension liability - Proportionate share	<u>4,879,700</u>
Retainage payable	<u>49,483</u>
Total Noncurrent Liabilities	<u>65,356,973</u>
Total Liabilities	<u>83,856,208</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	<u>1,294,679</u>
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NET POSITION

Net investment in capital assets	<u>23,971,930</u>
Restricted	<u>7,199,833</u>
Unrestricted	<u>1,190,705</u>
Total Net Position	<u>\$ 32,362,468</u>

WEST GENESEE CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expense)
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	Revenue and Changes in Net Position
General support	\$ 8,347,566	\$	\$	\$	\$ (8,347,566)
Instruction	66,068,904	1,261,921	2,382,147	1,033,668	(61,391,168)
Pupil transportation	7,934,173		127,839		(7,806,334)
School lunch program	1,888,305	1,075,747	898,784		86,226
Interest on debt	846,505				(846,505)
Total Functions and Programs	\$ 85,085,453	\$ 2,337,668	\$ 3,408,770	\$ 1,033,668	(78,305,347)

GENERAL REVENUES

Real property taxes	38,219,995
Real property tax items	8,948,762
Nonproperty taxes	155,303
Use of money and property	222,098
Unrestricted State sources	32,060,986
Sale of property and compensation for loss	102,576
Miscellaneous	650,738
Total General Revenues	80,360,458
Change in Net Position	2,055,111
Total Net Position - Beginning of Year	30,307,357
Total Net Position - End of Year	\$ 32,362,468

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2017

	Major Funds		
	General Fund	Special Aid Fund	School Lunch Fund
ASSETS			
Cash - Unrestricted	\$ 13,222,572	\$ 141,752	\$ 94,288
Cash - Restricted	6,897,781		38,249
Receivables:			
Due from other funds	320,514		
State and federal aid	797,100	180,752	54,135
Due from other governments	1,355,769		
Other	33,978		6,469
Inventories			48,453
Total Assets	\$ 22,627,714	\$ 322,504	\$ 241,594
LIABILITIES			
Payables:			
Accounts payable	\$ 155,052	\$ 164	\$
Accrued liabilities	357,348		4,650
Due to other funds		320,514	
Due to other governments			27,926
Bond interest and matured bonds payable	16,852		
Revenue anticipation notes payable	5,000,000		
Bond anticipation notes payable			
Unearned revenue		1,826	
Overpayments and collections in advance			38,461
Due to Teachers' Retirement System	4,331,142		
Due to Employees' Retirement System	433,876		23,251
Total Liabilities	10,294,270	322,504	94,288
FUND BALANCES			
Nonspendable			48,453
Restricted	6,897,781		98,853
Assigned	2,034,381		
Unassigned	3,401,282		
Total Fund Balances (Deficit)	12,333,444	-	147,306
Total Liabilities and Fund Balances	\$ 22,627,714	\$ 322,504	\$ 241,594

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

Major Funds		
Capital Fund - Buses	Capital Fund - Construction	Total Governmental Funds
21,159		\$ 13,479,771
	203,199	7,139,229
		320,514
		1,031,987
		1,355,769
		40,447
		48,453
\$ 21,159	\$ 203,199	\$ 23,416,170

		\$ 155,216
		361,998
		320,514
		27,926
		16,852
		5,000,000
3,201,200		3,201,200
		1,826
		38,461
		4,331,142
		457,127
3,201,200	-	13,912,262
		48,453
	203,199	7,199,833
		2,034,381
(3,180,041)		221,241
(3,180,041)	203,199	9,503,908
\$ 21,159	\$ 203,199	\$ 23,416,170

WEST GENESEE CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2017

Fund Balance - Total Governmental Funds **\$ 9,503,908**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.

Total historical cost	\$ 133,063,604	
Less accumulated depreciation	<u>(63,480,323)</u>	69,583,281

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

Bonds payable	\$ (41,814,926)	
Installment purchase debt payable	<u>(1,226,000)</u>	(43,040,926)

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

Accrued interest on long-term debt	\$ (217,885)	
Retainage payable	(49,483)	
Compensated absences payable	(8,688,255)	
Other postemployment benefits liability	<u>(13,388,211)</u>	(22,343,834)

The School District's proportionate share of the collective net pension (asset) or liability is not reported in the Governmental Funds.

ERS net pension liability - Proportionate share	\$ (2,615,492)	
TRS net pension liability - Proportionate share	<u>(2,264,208)</u>	(4,879,700)

Deferred outflows of resources represent a consumption of net position that applies to future periods and, therefore, is not reported in the Governmental Funds. Deferred inflows of resources represents an acquisition of net position that applies to future periods and, therefore, is not reported in the Governmental Funds.

Deferred charges on defeased debt	\$ 630,775	
ERS deferred outflows - Pension	2,110,921	
TRS deferred outflows - Pension	22,092,722	
ERS deferred inflows - Pension	(420,703)	
TRS deferred inflows - Pension	<u>(873,976)</u>	<u>23,539,739</u>

Net Position of Governmental Activities **\$ 32,362,468**

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2017

	Major Funds		
	General Fund	Special Aid Fund	School Lunch Fund
REVENUES			
Real property taxes	\$ 38,219,995	\$ _____	\$ _____
Real property tax items	<u>8,948,762</u>	_____	_____
Nonproperty taxes	<u>155,303</u>	_____	_____
Charges for services	<u>852,363</u>	_____	_____
Use of money and property	<u>221,645</u>	_____	_____
Sale of property and compensation for loss	<u>113,659</u>	_____	_____
Miscellaneous	<u>650,738</u>	<u>2,400</u>	<u>75,674</u>
State sources	<u>32,614,928</u>	<u>278,956</u>	<u>34,808</u>
Medicaid reimbursement	<u>305,967</u>	_____	_____
Federal sources	_____	<u>1,674,688</u>	<u>733,177</u>
Surplus food	_____	_____	<u>130,799</u>
Sales - School lunch	_____	_____	<u>1,000,073</u>
Total Revenues	<u>82,083,360</u>	<u>1,956,044</u>	<u>1,974,531</u>
EXPENDITURES			
General support	<u>7,004,721</u>	_____	_____
Instruction	<u>46,322,235</u>	<u>1,961,428</u>	<u>705,731</u>
Pupil transportation	<u>5,038,102</u>	<u>47,601</u>	_____
Employee benefits	<u>17,434,409</u>	_____	<u>266,259</u>
Debt service:			
Principal	<u>4,603,642</u>	_____	_____
Interest	<u>1,121,522</u>	_____	_____
Cost of sales	_____	_____	<u>892,625</u>
Capital outlay	_____	_____	_____
Total Expenditures	<u>81,524,631</u>	<u>2,009,029</u>	<u>1,864,615</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>558,729</u>	<u>(52,985)</u>	<u>109,916</u>
OTHER FINANCING SOURCES AND (USES)			
Proceeds from obligations	_____	_____	_____
Redeemed from appropriations	_____	_____	_____
Premium of obligations	_____	_____	_____
Operating transfers in	<u>4,336</u>	<u>57,321</u>	_____
Operating transfers (out)	<u>(57,321)</u>	<u>(4,336)</u>	_____
Total (Uses) Other Sources	<u>(52,985)</u>	<u>52,985</u>	<u>-</u>
Net Change in Fund Balances	505,744	-	109,916
Fund Balances (Deficit) - Beginning of Year	<u>11,827,700</u>	-	<u>37,390</u>
Fund Balances (Deficit) - End of Year	<u>\$ 12,333,444</u>	<u>\$ -</u>	<u>147,306</u>

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

Major Funds		
Capital Fund - Buses	Capital Fund - Construction	Total Governmental Funds
\$ _____	\$ _____	\$ 38,219,995
_____	_____	8,948,762
_____	_____	155,303
_____	_____	852,363
453	_____	222,098
_____	_____	113,659
_____	103,591	832,403
_____	1,033,668	33,962,360
_____	_____	305,967
_____	_____	2,407,865
_____	_____	130,799
_____	_____	1,000,073
453	1,137,259	87,151,647
_____	_____	7,004,721
_____	_____	48,989,394
_____	_____	5,085,703
_____	_____	17,700,668
_____	_____	4,603,642
_____	_____	1,121,522
_____	_____	892,625
1,199,554	9,293,414	10,492,968
1,199,554	9,293,414	95,891,243
(1,199,101)	(8,156,155)	(8,739,596)
_____	19,755,000	19,755,000
913,110	481,532	1,394,642
_____	3,363,256	3,363,256
_____	_____	61,657
_____	_____	(61,657)
913,110	23,599,788	24,512,898
(285,991)	15,443,633	15,773,302
(2,894,050)	(15,240,434)	(6,269,394)
\$ (3,180,041)	\$ 203,199	\$ 9,503,908

WEST GENESEE CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

Net Change in Fund Balances - Total Governmental Funds **\$ 15,773,302**

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

Governmental Funds report capital outlay and purchases of capitalizable assets as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 10,614,222	
Depreciation expense	(3,221,704)	
Net book value of disposals	<u>(11,083)</u>	7,381,435

Long-term debt proceeds, and related issue costs and deferred amounts on refunding, provide current financial resources to Governmental Funds, but issuing debt and the related premiums increase long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of bond principal	\$ 3,075,000	
Proceeds from obligations	(19,755,000)	
Premium of obligations	(3,363,256)	
Repayment of installment purchase debt	<u>134,000</u>	(19,909,256)

Long-term obligations are reported in the Statement of Net Position. Therefore expenses which result in an (increase) or decrease in these long-term obligations are not reflected in the Governmental Fund financial statements.

Other postemployment benefits liability	\$ (1,026,565)	
Compensated absences	(698,440)	
Retainage payable	<u>284,090</u>	(1,440,915)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the Governmental Funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The difference in interest reported in the Statement of Activities is the result of accrued interest on bonds, BANs and RANs, the amortization of bond premiums, and the deferred amount of refunded bonds.

Changes in accrued interest	\$ 179,281	
Amortization of bond premiums	240,716	
Amortization of deferred charges on defeased debt	<u>(144,980)</u>	275,017

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

ERS	\$ (302,432)	
TRS	<u>277,960</u>	<u>(24,472)</u>

Net Change in Net Position of Governmental Activities **\$ 2,055,111**

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED JUNE 30, 2017

	Private Purpose Trust Fund
ADDITIONS	
Gifts and contributions	\$ 14,195
Investment earnings	110
Total Additions	14,305
DEDUCTIONS	
Scholarships and awards	22,824
Change in Net Position	(8,519)
Net Position - Beginning of Year	225,925
Net Position - End of Year	\$ 217,406

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

The accompanying financial statements of the West Genesee Central School District (the School District) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for governments, as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

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

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus."

- The primary government, which is the School District;
- Organizations for which the primary government is financially accountable, and;
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. While the Extraclassroom Activity Funds are not considered a component unit of the School District, due to the School District's fiduciary responsibility in relation to the Funds, they are reported in the School District's Agency Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's Business Office, located at 300 Sanderson Drive, Camillus, NY.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Joint Venture

The School District is one of 23 component school districts in the Onondaga-Cortland-Madison 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 (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law.

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

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law.

BOCES' financial statements may be obtained from the Onondaga-Cortland-Madison BOCES administration office at 6820 Thompson Road, Syracuse, New York 13088.

Basis of Presentation - District-wide Financial Statements

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

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Basis of Presentation - Governmental Fund Financial Statements

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

The School District reports the following Major Governmental Funds:

- General Fund: The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
 - Special Aid Fund: Used to account for proceeds received from state and federal grants restricted for special educational programs.
 - School Lunch Fund: Accounts for revenues and expenditures in connection with the School District's food service program.
- Capital Fund - Buses: Accounts for financial resources used to purchase school buses.
- Capital Fund - Construction: Accounts for financial resources used for capital construction.

Fiduciary Activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District, and are not available to be used.

The School District reports the following Fiduciary Funds:

- Private-Purpose Trust Fund: Accounts for Scholarship Funds awarded to individual students. These activities, and those of the Agency Funds described below, are not included in the District-wide financial statements because their resources do not belong to the School District and are not available to be used.
- Agency Funds: Strictly custodial in nature and do not involve measurement of results of operations. Assets are held by the School District as agent for various student groups or Extraclassroom Activity Funds and for payroll or employee withholding.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Measurement Focus and Basis of Accounting

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

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

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

Cash and Investments

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts. Investments are stated at fair value.

Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 1 Summary of Significant Accounting Policies - Continued

Due To/From Other Funds

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of fund balance equal to inventories and prepaid amounts is reported as nonspendable as these assets are not in spendable form in the current period.

Capital Assets

Capital assets are reported using estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 500	40 years
Building improvements	500	20-40 years
Furniture and equipment	500	3-10 years

Capital assets are depreciated over their estimated useful lives using the straight-line method.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports a deferred charge on defeased debt resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows related to pensions in the District-wide Statement of Net Position. The types of deferred outflows related to pensions are described in Note 10.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows related to pensions which are further described in Note 10.

Vested Employee Benefits - Compensated Absences

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

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

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

Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Other Postemployment Benefits

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

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

The School District follows GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 11 for additional information.

Unearned and Unavailable Revenues

Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

The Governmental Fund financial statements also report unavailable revenues as a deferred inflow of resources when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the liability for unavailable revenues is removed and revenues are recorded.

Overpayments and Collections in Advance

Overpayments and collections in advance arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability is removed and revenues are recorded.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Equity Classifications - District-wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of “restricted” or “net investment in capital assets.”

Equity Classifications - Governmental Fund Financial Statements

The School District follows GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” Statement No. 54 changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a Fund’s net resources

Fund balances are allocated into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the School District is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable: Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- Restricted: Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District’s legally adopted reserves are reported here.
- Committed: Consists of amounts subject to a purpose constraint imposed by formal action of the government’s highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Governmental Fund Financial Statements - Continued

- **Assigned:** Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned:** Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

The Board of Education of the School District has adopted resolutions to commit or assign fund balance. By resolution, fund balance of the School District may be committed for a specific source by formal action of the Board of Education. Furthermore, the Board of Education delegates authority to assign fund balance for a specific purpose to the Business Official of the School District. The Board of Education, by resolution, approves fund balance appropriations for next year's budget. The School District applies expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. Except for the Encumbrance Reserve, these reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. Reserves currently in use by the School District include the following:

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Legally Adopted Reserves - Continued

- Capital Reserve (Education Law §3651): Used to pay the cost of any object or purpose for which bonds may be issued. The creation of a Capital Reserve Fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.
- Tax Certiorari Reserve (Education Law §3651.1-a): Used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.
- Unemployment Insurance Reserve (GML §6-m): Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.
- Workers Compensation Reserve (GML §6-j): Used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses for administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or applied to the appropriations of the succeeding fiscal year's budget. The reserve is accounted for in the General Fund.
- Retirement Contribution Reserve (GML §6-r): Used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Legally Adopted Reserves - Continued

- Employee Benefit Accrued Liability Reserve (GML §6-p): Used to reserve funds for payment of accrued employee benefits upon termination of an employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 3, and became a lien on August 17, 2016. Taxes were collected during the period September 6, 2016 to November 18, 2016.

Uncollected real property taxes are subsequently enforced by the County of Onondaga. 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 following April 1.

Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

Use of Estimates

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

New Accounting Standards

The School District has adopted and implemented the following (all) current statements of the Governmental Accounting Standards Board (GASB) which are applicable as of June 30, 2017:

- GASB has issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68," effective for the year ended June 30, 2017.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

New Accounting Standards - Continued

- GASB has issued Statement No. 77, "Tax Abatement Disclosures," effective for the year ended June 30, 2017.
- GASB has issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans," effective for the year ended June 30, 2017.
- GASB has issued Statement No. 80, "Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14," effective for the year ended June 30, 2017.
- GASB has issued Statement No. 81, "Irrevocable Split-Interest Agreements," effective for the year ended June 30, 2017.
- GASB has issued Statement No. 82, "Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73," effective for the year ended June 30, 2017, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Future Changes in Accounting Standards

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

- GASB has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB."
- GASB has issued Statement No. 83, "Certain Asset Retirement Obligations," effective for the year ending June 30, 2019.
- GASB has issued Statement No. 84, "Fiduciary Activities," effective for the year ending June 30, 2020. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- GASB has issued Statement No. 85, "Omnibus 2017," effective for the year ending June 30, 2018.
- GASB has issued Statement No. 86, "Certain Debt Extinguishment Issues," effective for the year ending June 30, 2018.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 2 Participation in BOCES

During the year ended June 30, 2017, the School District's share of BOCES income amounted to \$2,613,807. The School District was billed \$8,535,744 for BOCES administration and program costs. Financial statements for Onondaga-Cortland-Madison BOCES are available from the BOCES Administrative Office at 6820 Thompson Road, Syracuse, New York.

Note 3 Cash and Cash Equivalents - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District's aggregate bank balances of \$22,869,699, including certificates of deposit, are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

The School District has few investments (primarily donated Scholarship Funds), and chooses to disclose its investments by specifically identifying each.

The School District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

1. Insured or registered, or investments held by the School District or by the School District's agent in the School District's name, or
2. Uninsured and unregistered, with investments held by the financial institution's trust department in the School District's name, or
3. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

	<u>Cost</u>	<u>Carrying Amount Fair Value</u>	<u>Type of Investment</u>	<u>Category</u>
Private Purpose Trust Fund	\$ <u>212,458</u>	\$ <u>212,458</u>	Certificate of Deposit	(1)

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 3 Cash and Cash Equivalents - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks - Continued

The School District does not typically purchase investments for a duration long enough to cause it to believe that it is exposed to any material interest rate risk.

The School District does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

Restricted cash of the Governmental Funds at June 30, 2017 consisted of the following:

General Fund reserves	\$	6,897,781
Restricted for capital		203,199
Restricted for school lunch		38,249
Subtotal		7,139,229
Restricted for Private Purpose Trust Fund		4,948
Total	\$	7,144,177

Note 4 Other Receivables

Other receivables consisted of the following, which are stated at net realizable value.

	Description		Amount
General Fund	Miscellaneous	\$	33,978
School Lunch Fund	Cafeteria charges		6,469
Total		\$	40,447

Note 5 Interfund Balances and Activity

Interfund balances at June 30, 2017, are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 320,514	\$	\$ 4,336	\$ 57,321
Special Aid Fund		320,514	57,321	4,336
Total	\$ 320,514	\$ 320,514	\$ 61,657	\$ 61,657

Interfund receivables and payables, other than between Governmental Activities and Fiduciary Funds, are eliminated on the Statement of Net Position.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 5 Interfund Balances and Activity - Continued

The School District typically transfers, from the General Fund to the Special Aid Fund, the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Funds, as needed, to fund capital projects. Periodically, the School District transfers funds as needed to subsidize the School Lunch Fund.

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Note 6 Capital Assets

Capital asset balances and activity for the year ended June 30, 2017, were as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications and Disposals</u>	<u>Ending Balance</u>
Capital assets that are not depreciated:				
Land	\$ 941,810	\$	\$	\$ 941,810
Construction in progress	15,122,402	9,014,641	(4,777,392)	19,359,651
Total Nondepreciable Historical Cost	<u>16,064,212</u>	<u>9,014,641</u>	<u>(4,777,392)</u>	<u>20,301,461</u>
Capital assets that are depreciated:				
Buildings	80,875,334	320,681	4,777,392	85,973,407
Improvements	4,133,329			4,133,329
Furniture and equipment	21,989,249	1,278,900	(612,742)	22,655,407
Total Depreciable Historical Cost	<u>106,997,912</u>	<u>1,599,581</u>	<u>4,164,650</u>	<u>112,762,143</u>
Total Historical Cost	<u>123,062,124</u>	<u>10,614,222</u>	<u>(612,742)</u>	<u>133,063,604</u>
Less accumulated depreciation:				
Buildings	(41,670,125)	(1,639,870)		(43,309,995)
Improvements	(3,078,969)	(140,040)		(3,219,009)
Furniture and equipment	(16,111,184)	(1,441,794)	601,659	(16,951,319)
Total Accumulated Depreciation	<u>(60,860,278)</u>	<u>(3,221,704)</u>	<u>601,659</u>	<u>(63,480,323)</u>
Total Historical Cost, Net	\$ <u>62,201,846</u>	\$ <u>7,392,518</u>	\$ <u>(11,083)</u>	\$ <u>69,583,281</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 131,305
Instruction	1,989,932
Pupil transportation	<u>1,100,467</u>
Total Depreciation Expense	\$ <u>3,221,704</u>

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 7 Short-term Debt

The School District may issue revenue anticipation notes (RANs) and tax anticipation notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The School District did not issue or redeem any TANs during the year.

The School District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued. The School District did not issue or redeem any budget notes during the year.

The School District may issue bond anticipation notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The following is a summary of the School District's BANs and RANs for the year ended June 30, 2017:

<u>Description of Issue:</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2017</u>
RANs	6/27/2017	12/8/2017	2.00%	\$ 5,000,000
BANs - Bus Purchases	7/07/2016	7/07/2017	1.03%	3,201,200
Total				\$ <u>8,201,200</u>

Transactions in short-term debt for the year are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Refinanced/ Redeemed</u>	<u>Ending Balance</u>
RANs	\$ 5,000,000	\$ 5,000,000	\$ (5,000,000)	\$ 5,000,000
BANs	18,408,110	3,201,200	(18,408,110)	3,201,200
Total	\$ <u>23,408,110</u>	\$ <u>8,201,200</u>	\$ <u>(23,408,110)</u>	\$ <u>8,201,200</u>

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

Interest paid	\$ 330,963
Less interest accrued in the prior year	(234,789)
Plus interest accrued in the current year	<u>33,162</u>
Total	\$ <u>129,336</u>

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 8 Long-Term Debt

At June 30, 2017, the total outstanding indebtedness of the School District represented 33.1% of its statutory debt limit, exclusive of building aids. Long-term debt is classified as follows:

- **Serial Bonds and Statutory Installment Bonds:** The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.
- **Installment Purchase Debt:** The School District leases energy conservation equipment with the intent to purchase.

The following is a summary of the School District's notes payable and long-term debt for the year ended June 30, 2017:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2017</u>
Refunding bonds	10/26/2011	4/15/2022	2.00% - 5.00%	\$ 4,210,000
Refunding bonds	3/29/2012	3/15/2022	2.00% - 4.00%	3,640,000
DASNY refunding bonds	10/31/2012	2/01/2031	2.00% - 4.00%	3,250,000
Refunding bonds	2/07/2013	6/15/2021	2.00% - 4.00%	6,435,000
Revenue bonds	6/08/2017	6/15/2032	3.00% - 5.00%	19,755,000
Plus: Unamortized premium				<u>4,524,926</u>
Total Serial Bonds				41,814,926
Installment Purchase Debt:				
Energy performance contract lease	7/22/2009	2/18/2025	5.39%	<u>1,226,000</u>
Total				<u>\$ 43,040,926</u>

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

Interest paid	\$ 790,559
Less interest accrued in the prior year	(162,377)
Plus interest accrued in the current year	184,723
Plus amortization of deferred charges on defeased debt	144,980
Less amortization of bond premium	<u>(240,716)</u>
Total	<u>\$ 717,169</u>

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds	\$ 20,610,000	\$ 19,755,000	\$ (3,075,000)	\$ 37,290,000	\$ 3,915,000
Plus: Unamortized premium	1,402,386	3,363,256	(240,716)	4,524,926	464,933
Total bonds payable	<u>22,012,386</u>	<u>23,118,256</u>	<u>(3,315,716)</u>	<u>41,814,926</u>	<u>4,379,933</u>
Installment purchase debt	<u>1,360,000</u>	<u>-</u>	<u>(134,000)</u>	<u>1,226,000</u>	<u>140,000</u>
Total	<u>\$ 23,372,386</u>	<u>\$ 23,118,256</u>	<u>\$ (3,449,716)</u>	<u>\$ 43,040,926</u>	<u>\$ 4,519,933</u>

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 8 Long-Term Debt - Continued

Interest paid on the Serial Bonds varies from year to year, in accordance with the interest rates specified in the bond agreements.

The following is a summary of the maturity of long-term indebtedness.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,915,000	\$ 1,849,096	\$ 5,764,096
2019	4,360,000	1,406,609	5,766,609
2020	4,510,000	1,249,009	5,759,009
2021	4,665,000	1,089,409	5,754,409
2022	3,080,000	923,859	4,003,859
2023-2027	8,020,000	3,238,594	11,258,594
2028-2032	<u>8,740,000</u>	<u>1,191,511</u>	<u>9,931,511</u>
Total	\$ <u>37,290,000</u>	\$ <u>10,948,087</u>	\$ <u>48,238,087</u>

Governmental Activities

Installment Purchase Debt

The following is a schedule of future minimum lease payments under capital leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 140,000	\$ 66,081	\$ 206,081
2019	147,000	58,535	205,535
2020	154,000	50,612	204,612
2021	161,000	42,312	203,312
2022	169,000	33,634	202,634
2023-2025	<u>455,000</u>	<u>44,629</u>	<u>499,629</u>
Total	\$ <u>1,226,000</u>	\$ <u>295,803</u>	\$ <u>1,521,803</u>

On July 22, 2009, the School District entered into a lease/purchase agreement as part of their energy performance contract. The School District qualified for a New York Energy Research and Development Authority (NYSERDA) New York Energy Smart Loan Fund grant in the amount of \$1,000,000. As part of this grant, NYSERDA will pay lease interest of 4.0% up to \$1,000,000. During 2017, NYSERDA paid \$17,353 in interest on behalf of the School District's lease/purchase agreement.

The net book value of capital assets procured through capital leases at June 30, 2017 follows:

Cost of leased assets	\$ 2,058,674
Accumulated depreciation	<u>(1,029,337)</u>
Net Book Value	\$ <u>1,029,337</u>

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 8 Long-Term Debt - Continued

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
2011 Refunding Bonds	\$ 93,862	\$	\$ (15,644)	\$ 78,218
2012 Refunding Bonds	155,301		(25,884)	129,417
2012 DASNY Refunding Bonds	13,993		(933)	13,060
2013 Refunding Bonds	512,599		(102,519)	410,080
Total	\$ 775,755	\$ -	\$ (144,980)	\$ 630,775

Note 9 Compensated Absences

Compensated Absences: Represents funds accrued to pay for the School District's share of sick and vacation time. This liability is liquidated through the General Fund.

Compensated absences balances and activity for the year ended June 30, 2017 are summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Compensated Absences	\$ 7,989,815	\$ 698,440	\$ -	\$ 8,688,255

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

Plan Descriptions and Benefits Provided - Teachers' Retirement System (TRS)

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Plan Descriptions and Benefits Provided - Employees' Retirement System (ERS)

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

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

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

Contributions

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

	<u>ERS</u>		<u>TRS</u>
2017	\$ 1,204,609	\$	4,325,613
2016	1,312,531		5,523,431
2015	1,473,049		5,114,078

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

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

At June 30, 2017, the School District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2017 for ERS and June 30, 2016 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The School District's proportionate share of the net pension liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

	ERS	TRS
Actuarial valuation date	4/1/2016	6/30/2015
Net pension liability	\$ 9,396,223,126	\$ 1,071,041,940
School District's proportionate share of the Plan's total net pension liability	2,615,492	2,264,208
School District's share of the net pension liability	0.0278356%	0.211402%

For the year ended June 30, 2017, the School District recognized pension expense of \$1,548,760 for ERS and \$3,735,456 for TRS in the District-wide financial statements. At June 30, 2017 the School District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 65,542	\$ 12,898,371	\$ 397,177	\$ 735,542
Changes of assumptions	893,548	5,091,130		
Net differences between projected and actual earnings on pension plan investments	522,420	90,672	23,526	138,434
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	172,284	4,012,549		
School District's contributions subsequent to the measurement date	457,127	22,092,722	420,703	873,976
Total	\$ 2,110,921	\$ 22,092,722	\$ 420,703	\$ 873,976

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension (asset) liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>ERS</u>	<u>TRS</u>
2018	\$ 545,606	\$ 1,565,045
2019	545,606	1,565,045
2020	477,908	5,518,956
2021	(336,029)	4,288,780
2022		1,961,674
Thereafter		2,306,697

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
Actuarial valuation date	April 1, 2016	June 30, 2015
Interest rate	7.00%	7.50%
Salary increases	3.80%	1.9%-4.72%
Cost of living adjustments	1.3%	1.5%
Inflation rate	2.5%	2.5%

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

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

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

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

	ERS	TRS
Measurement date	March 31, 2017	June 30, 2016
Asset Type:		
Domestic equities	4.55%	6.1%
International equities	6.35%	7.3%
Real estate	5.80%	5.4%
Private equity/Alternative investments	7.75%	9.2%
Absolute return strategies	4.00%	
Opportunistic portfolio	5.89%	
Real assets	5.54%	
Cash	-0.25%	
Inflation-indexed bonds	1.50%	
Domestic fixed income securities		1.0%
Global fixed income securities		0.8%
Mortgages and bonds	1.31%	3.1%
Short-term		0.1%

Discount Rate

The discount rate used to calculate the total pension (asset) liability was 7.0% for ERS and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset) liability.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Sensitivity of the Proportionate Share of the Net Pension (Asset) Liability to the Discount Rate Assumption

The following presents the School District's proportionate share of the net pension (asset) liability calculated using the discount rate of 7.0% for ERS and 7.5% for TRS, as well as what the School District's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage point lower or higher than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net pension (asset) liability	\$ 8,353,365	\$ 2,615,492	\$ (2,235,868)

TRS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension (asset) liability	\$ 29,541,740	\$ 2,264,208	\$ (20,614,756)

Pension Plan Fiduciary Net Position

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

	Dollars in Thousands	
	ERS	TRS
Measurement date	March 31, 2017	June 30, 2016
Employers' total pension (asset) liability	\$ 177,400,586	\$ 108,577,184
Plan net position	(168,004,363)	(107,506,142)
Employers' net pension (asset) liability	\$ 9,396,223	\$ 1,071,042
Ratio of Plan Net Position to the Employers' Total Pension (Asset) Liability	94.7%	99.0%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Employee contributions are remitted monthly. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$457,127.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October, and November 2017 through a state aid intercept. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$4,331,142.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Effect on Net Position

Changes in the net pension (asset) liability and deferred outflows and inflows of resources for the year ended June 30, 2017 resulted in the following effect on net position:

	Beginning Balance	Change	Ending Balance
ERS:			
Net pension (asset) liability	\$ 4,583,670	\$ (1,968,178)	\$ 2,615,492
Deferred outflows of resources	(4,504,146)	2,393,225	(2,110,921)
Deferred inflows of resources	543,318	(122,615)	420,703
Subtotal	622,842	302,432	925,274
TRS:			
Net pension (asset) liability	\$ (21,787,138)	\$ 24,051,346	\$ 2,264,208
Deferred outflows of resources	(4,428,539)	(17,664,183)	(22,092,722)
Deferred inflows of resources	7,539,099	(6,665,123)	873,976
Subtotal	(18,676,578)	(277,960)	(18,954,538)
Total	\$ (18,053,736)	\$ 24,472	\$ (18,029,264)

Note 11 Other Postemployment Benefits

In addition to providing pension benefits, the School District provides health insurance coverage for retired employees and their survivors. Substantially all of the School District's employees could become eligible for these benefits if they reach normal retirement age while working for the School District. These benefits are provided through an insurance company whose premiums are based on the benefits paid.

The School District follows GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." In the past, the School District reported the cost of its retiree health care postretirement benefits on a "pay-as-you-go" basis.

The most recent valuation is based on plan data submitted for the actuarial valuation of the School District's Postretirement Health Care Plan (Plan) performed as of July 1, 2016 for the fiscal year ended June 30, 2017.

The Plan is a single employer, defined benefit healthcare plan administered by Excellus Blue Cross Blue Shield. The Plan provides medical benefits to eligible retirees and their spouses. Benefit provisions are established through negotiations between the School District and bargaining units and are renegotiated each as each contract expires.

The Plan does not issue a stand-alone financial report as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 11 Other Postemployment Benefits - Continued

The contribution requirements of Plan members and the School District are established and may be amended pursuant to applicable collective bargaining and employment agreements. The required contribution is based on projected pay-as-you-go financing requirements and varies depending on the applicable agreement.

The School District recognizes the cost of providing benefits by recording its share of the insurance premiums as an expenditure in the year paid. Current premiums were paid by the School District for 193 retirees for the year ended June 30, 2017 and were liquidated in the General and School Lunch Funds. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit. The costs of administering the Plan are paid by the School District. The expected contribution of \$1,465,775 represents an actuarially determined estimate of premiums and claims paid on behalf of retirees. The School 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 No. 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 over a period of 30 years. The remaining amortization period for this valuation is 22 years.

The following table shows the components of the School District's annual OPEB cost for the year, expected employer contributions, and changes in the School District's net OPEB obligation:

Normal cost	\$	1,330,340
Amortization of unfunded actuarial accrued liability (UAAL)		1,516,810
Total Annual Required Contribution		2,847,150
Interest on net OPEB obligation		432,658
Adjustment to annual required contribution		(787,468)
Annual OPEB Cost (Expense)		2,492,340
Expected employer contributions		(1,465,775)
Increase in Net OPEB Obligation		1,026,565
Net OPEB Obligation - July 1, 2016		12,361,646
Net OPEB Obligation - June 30, 2017	\$	13,388,211

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the current year and two preceding years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	\$ 2,492,340	58.8%	\$ 13,388,211
6/30/2016	2,582,573	49.1%	12,361,646
6/30/2015	2,481,269	55.2%	11,045,737

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

***Note 11* Other Postemployment Benefits - Continued**

Funded Status and Funding Progress: As of June 30, 2017, the Plan was not funded. The actuarial accrued liability for benefits was \$23,005,644; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$44,783,723 and the ratio of the UAAL to the covered payroll was 51.4%.

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 healthcare cost trends. Amounts determined regarding funded status of the Plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year 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, 2016, actuarial valuation report, the most recent actuarial valuation date, the projected unit credit method was used. Under this method, each participant's projected benefit is calculated at all possible ages based on the Plan provisions as well as the initial data and actuarial assumptions. The actuarial assumptions included an annual discount rate of 3.5%. Additional actuarial assumptions included an annual medical cost trend rate of 7.5% initially, ending at an ultimate rate of 3.8% after 70 years.

***Note 12* Commitments and Contingencies**

Risk Financing and Related Insurance

General Information

The School District is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

***Note 12* Commitments and Contingencies - Continued**

Health Insurance

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

Districts joining the Plan must remain members for a minimum of one year; a member district may withdraw from the Plan after that time by providing notice to the Plan prior to the May 1 immediately preceding the commencement of the next school year. Plan members include 23 districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2017, the School District incurred premiums or contribution expenditures totaling \$8,047,996. Plan financial statements may be obtained from the Onondaga-Cortland-Madison BOCES administration office at 110 Elwood Davis Road, Liverpool, New York 13088.

Workers' Compensation

The School District incurs costs related to workers' compensation claims as a member of the OCM BOCES Workers' Compensation Consortium (the Consortium). The Consortium's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. School districts joining the Consortium must remain members for a minimum of two years; a member may withdraw from the Consortium after that time.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

***Note 12* Commitments and Contingencies - Continued**

Workers' Compensation - Continued

Consortium members include 31 school districts, with the School District bearing a share of the Plan's assets and claims liabilities. Consortium members are subject to a supplemental assessment in the event of deficiencies. If the Consortium's assets were to be exhausted, members would be responsible for the Consortium's liabilities.

The Consortium uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Consortium as direct insurer of the risks reinsured.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2017, the School District incurred premiums or contribution expenditures totaling \$628,208.

The Consortium financial statements may be obtained from the Onondaga-Cortland-Madison BOCES administration office at 6820 Thompson Road, Syracuse, New York 13211.

Other Items

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

Contingencies

Numerous real estate tax certiorari proceedings are presently pending against the Town of Camillus on grounds of alleged inequality of assessment. Adverse decisions to the Town could have a substantial impact through the reduction of assessments and tax refunds to successful litigants. The School District is the principal recipient of property taxes levied under the assessments and would be responsible for such liabilities, if any. The School District has reserved \$750,118 of fund balance in the General Fund for tax certiorari claims.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 13 Fund Balance Detail

At June 30, 2017, fund balances in the governmental funds were as follows:

	General Fund	Capital Fund Buses	Capital Fund Construction	School Lunch Fund
Nonspendable				
Inventory	\$	\$	\$	\$ 48,453
Total Nonspendable Fund Balance	\$ -	\$ -	\$ -	\$ 48,453
Restricted				
Tax certiorari reserve	750,118			
Unemployment insurance reserve	258,995			
Retirement contribution reserve	1,816,629			
Employee benefit accrued liability reserve	2,815,271			
Capital reserve	700,669			
Workers compensation reserve	556,099			
Capital fund			203,199	
School lunch				98,853
Total Restricted Fund Balance	\$ 6,897,781	\$ -	\$ 203,199	\$ 98,853
Assigned				
Appropriated for next year's budget	\$ 1,400,000	\$	\$	\$
Encumbered for:				
General support	116,612			
Instruction	500,777			
Pupil transportation	16,740			
Employee benefits	252			
Total Assigned Fund Balance	\$ 2,034,381	\$ -	\$ -	\$ -

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Note 14 Restricted Fund Balances

Portions of fund balance are reserved and not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity for the year ended June 30, 2017 of the General Fund reserves were as follows:

<u>General Fund</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Interest Earned</u>	<u>Appropriated</u>	<u>Ending Balance</u>
Tax certiorari reserve	\$ 756,616	\$	\$ 453	\$ (6,951)	\$ 750,118
Workers compensation reserve	555,775		324		556,099
Unemployment insurance reserve	280,071		175	(21,251)	258,995
Retirement contribution reserve	1,815,539		1,090		1,816,629
Employee benefit accrued liability reserve	1,534,357	1,280,000	914		2,815,271
Capital reserve	700,262		407		700,669
Total	\$ 5,642,620	\$ 1,280,000	\$ 3,363	\$ (28,202)	\$ 6,897,781

Note 15 Stewardship, Compliance, and Accountability

The Capital Fund - Buses had a deficit balance of \$(3,180,041) at June 30, 2017. This deficit will be eliminated when short-term financing is converted to long-term debt.

Note 16 Tax Abatements

For the year ended June 30, 2017, the School District was subject to tax abatements negotiated by the Onondaga County Industrial Development Agency (OCIDA), and the Town of Camillus, New York (the Town).

The OCIDA, entered into various property tax abatement programs for the purpose of economic development. The School District's property tax revenue was reduced by \$506,867, and a payment in lieu of tax (PILOT) totaling \$483,917 was received.

The Town also entered into various property tax abatement programs for the purpose of economic development. The School District's property tax revenue was reduced by \$31,899, and a PILOT payment totaling \$21,723 was received.

Note 17 Subsequent Events

On July 6, 2017 the School District issued BANs in the amount of \$3,565,305. These BANs were renewed to provide liquidity to the Capital Projects Fund for various capital projects.

WEST GENESEE CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real property taxes	\$ 37,946,170	\$ 37,846,170	\$ 38,219,995	\$ 373,825
Real property tax items	8,995,260	9,081,230	8,948,762	(132,468)
Nonproperty taxes	239,200	239,200	155,303	(83,897)
Charges for services	782,250	782,250	852,363	70,113
Use of money and property	82,895	82,895	221,645	138,750
Sale of property and compensation for loss	30,000	30,000	113,659	83,659
Miscellaneous	200,000	239,228	650,738	411,510
Total Local Sources	48,275,775	48,300,973	49,162,465	861,492
State sources	32,451,395	32,491,395	32,614,928	123,533
Medicaid reimbursement	100,000	100,000	305,967	205,967
Total Revenues	80,827,170	80,892,368	82,083,360	1,190,992
OTHER FINANCING SOURCES				
Operating transfers in	-	-	4,336	4,336
Total Revenues and Other Financing Sources	80,827,170	80,892,368	\$ 82,087,696	\$ 1,195,328
Appropriated Fund Balance	1,400,000	1,400,000		
Appropriated Reserves	-	21,250		
Designated Fund Balance and Encumbrances Carried Forward from Prior Year	1,500,993	1,500,993		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	\$ 83,728,163	\$ 83,814,611		

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget
EXPENDITURES		
General Support		
Board of Education	\$ 32,748	\$ 32,748
Central administration	280,860	307,947
Finance	707,929	771,083
Staff	459,144	471,531
Central services	5,032,558	5,266,377
Special items	760,230	616,188
Total General Support	7,273,469	7,465,874
Instruction		
Instruction, administration, and improvement	2,988,202	2,868,335
Teaching - Regular school	26,855,440	27,250,946
Programs for children with handicapping conditions	9,722,021	10,434,263
Occupational education	517,050	517,050
Teaching - Special school	297,480	294,575
Instructional media	3,008,235	2,232,119
Pupil services	3,709,855	3,823,235
Total Instruction	47,098,283	47,420,523
Pupil transportation	5,263,191	5,157,910
Employee benefits	17,676,170	17,858,084
Debt Service		
Principal	4,607,615	4,607,615
Interest	1,661,935	1,226,592
Total Debt Service	6,269,550	5,834,207
Total Expenditures	83,580,663	83,736,598
OTHER FINANCING USES		
Operating transfers out	147,500	78,013
Total Expenditures and Other Financing Uses	\$ 83,728,163	\$ 83,814,611
Net Change in Fund Balances		
Fund Balance - Beginning of Year		
Fund Balance - End of Year		

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

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 28,112	\$ 61	\$ 4,575
307,695		252
752,434	9,368	9,281
447,259	10,396	13,876
4,863,674	96,777	305,926
605,547	10	10,631
7,004,721	116,612	344,541
2,821,098	2,418	44,819
26,796,219	141,129	313,598
10,305,205	63,901	65,157
517,041		9
279,431		15,144
1,891,662	286,408	54,049
3,711,579	6,921	104,735
46,322,235	500,777	597,511
5,038,102	16,740	103,068
17,434,409	252	423,423
4,603,642		3,973
1,121,522		105,070
5,725,164	-	109,043
81,524,631	634,381	1,577,586
57,321		20,692
81,581,952	\$ 634,381	\$ 1,598,278
505,744		
11,827,700		
\$ 12,333,444		

WEST GENESEE CENTRAL SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2017

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2017	7/1/2016	\$ -	\$ 23,005,644	\$ 23,005,644	0.0%	\$ 44,783,723	51.4%
6/30/2016	7/1/2014	-	21,198,600	21,198,600	0.0%	42,784,899	49.5%
6/30/2015	7/1/2014	-	20,378,436	20,378,436	0.0%	39,579,266	51.5%
6/30/2014	7/1/2012	-	27,117,271	27,117,271	0.0%	38,339,791	70.7%
6/30/2013	7/1/2012	-	25,723,331	25,723,331	0.0%	38,477,550	66.9%

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

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

	2017	2016	2015
Contractually required contribution	\$ 1,204,609	\$ 1,312,531	\$ 1,473,049
Contributions in relation to the contractually required contribution	(1,204,609)	(1,312,531)	(1,473,049)
Contribution deficiency (excess)	-	-	-
School District's covered - employee payroll	8,436,411	8,093,059	7,782,635
Contributions as a percentage of covered - employee payroll	14.3%	16.2%	18.9%

* Information not readily available

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

	2017	2016	2015
Contractually required contribution	\$ 4,012,549	\$ 4,325,613	\$ 5,523,431
Contributions in relation to the contractually required contribution	(4,012,549)	(4,325,613)	(5,523,431)
Contribution deficiency (excess)	-	-	-
School District's covered - employee payroll	34,236,766	32,621,516	31,508,448
Contributions as a percentage of covered - employee payroll	11.7%	13.3%	17.5%

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

2014	2013	2012	2011	2010	2009	2008
\$ 1,497,113	\$ 1,443,582	\$ 1,090,789	\$ 822,201	\$ 477,794	\$ 520,284	\$ 548,013
(1,497,113)	(1,443,582)	(1,090,789)	(822,201)	(477,794)	(520,284)	(548,013)
-	-	-	-	-	-	-
7,742,154	7,670,843	7,212,369	7,509,327	*	*	*
19.3%	18.8%	15.1%	10.9%	N/A	N/A	N/A

2014	2013	2012	2011	2010	2009	2008
\$ 5,114,078	\$ 3,534,384	\$ 3,262,565	\$ 2,674,852	\$ 1,936,577	\$ 2,278,086	\$ 2,511,150
(5,114,078)	(3,534,384)	(3,262,565)	(2,674,852)	(1,936,577)	(2,278,086)	(2,511,150)
-	-	-	-	-	-	-
31,471,249	29,851,216	29,366,022	31,030,766	31,285,574	29,856,959	28,764,605
16.3%	11.8%	11.1%	8.6%	6.2%	7.6%	8.7%

WEST GENESEE CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2017	2016	2015
School District's proportion of the net pension (asset) liability	0.0278356%	0.0285582%	0.0281297%
School District's proportionate share of the net pension (asset) liability	\$ 2,615,492	\$ 4,583,670	\$ 950,292
School District's covered-employee payroll during the measurement period	8,115,410	7,658,921	7,880,633
School District's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	32.2%	59.8%	12.1%
Plan fiduciary net position as a percentage of the total pension (asset) liability	94.7%	90.7%	97.9%

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2017	2016	2015
School District's proportion of the net pension (asset) liability	0.211402%	0.209758%	0.213053%
School District's proportionate share of the net pension (asset) liability	\$ 2,264,208	\$ (21,787,138)	\$ (23,732,780)
School District's covered-employee payroll during the measurement period	32,621,516	31,508,448	31,471,249
School District's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	6.9%	(69.1%)	(75.4%)
Plan fiduciary net position as a percentage of the total pension (asset) liability	99.0%	110.5%	111.50%

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

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

Note 1 **Budget Procedures and Budgetary Accounting**

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which a legal (appropriated) budget is adopted. The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

Adopted Budget:	\$ 82,227,170
Prior year's encumbrances	1,500,993
Original Budget	<u>83,728,163</u>
Additions:	
Gifts and donations	25,198
Additional state aid	40,000
Use of reserves	<u>21,250</u>
Total Additions	<u>86,448</u>
Final Budget	\$ <u>83,814,611</u>

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

An annual legal budget is not adopted for the Special Revenue Funds (Special Aid and School Lunch). Budgetary controls are established in accordance with applicable grant agreements and management estimates.

Note 2 **Reconciliation of the General Fund Budget Basis to GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis, as encumbrances are shown in a separate column and are not included in the actual results at June 30, 2017.

Note 3 **Schedule of Funding Progress**

The Schedule of Funding Progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

Note 4 Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability
The Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability, required supplementary information, present three years of information. These schedules will present ten years of information as it becomes available from the pension plans.

Note 5 Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2015 actuarial valuation.

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2015 actuarial valuation determines the employer rates for contributions payable in fiscal year 2017. The following actuarial methods and assumptions were used:

Actuarial cost method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset valuation period	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary scale	3.8% in ERS, indexed by service.
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

Note 5 Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability - Continued

NYSTRS

Changes in Benefit Terms

504 of the Laws of 2009 created a new tier of membership (Tier 5) for members with a date of membership on or after January 1, 2010. The Tier 5 benefit structure represents a reduction in benefits from those of prior tiers and an increase in the required employee contribution rate. The Tier 5 benefit changes were first included in the 2010 actuarial valuation. Chapter 18 of the Laws of 2012 created a new tier of membership (Tier 6) for members who join on or after April 1, 2012. The Tier 6 benefit formula is slightly less generous than that of Tier 5, and the required employee contribution rate was increased further. The Tier 6 benefit changes were first included in the 2012 actuarial valuation.

Changes of Assumptions

Actuarial assumptions are revised periodically to more closely reflect actual, as well as anticipated future experience. The actuarial assumptions used in the actuarial valuations prior to 2011 were adopted by the Retirement Board on October 26, 2006. Revised assumptions were adopted by the Retirement Board on October 27, 2011 and first used in the 2011 actuarial valuation. The actuarial assumptions were revised again in 2015. These assumptions were adopted by the Retirement Board on October 29, 2015 and first used in the 2015 actuarial valuation.

The System's valuation rate of interest of 7.5% is effective with the 2015 actuarial valuation. Prior to the 2015 actuarial valuation, the System's valuation rate of interest assumption was 8.0%.

Prior to the 2007 actuarial valuation, the asset valuation method used was a five-year market smoothing for equities, real estate, and alternative investments, based upon book values. The asset valuation method was changed effective with the 2007 actuarial valuation to use a five-year phased in deferred recognition of each year's realized and unrealized appreciation in excess of (or less than) an assumed inflationary gain of 3.0%. The asset valuation method was changed again effective with the 2015 actuarial valuation to recognize each year's net investment income/ loss in excess of (or less than) 7.5% at a rate of 20% per year, until fully recognized after five years. For fiscal years ending prior to June 30, 2015, realized and unrealized appreciation in excess of (or less than) the assumed inflationary rate of 3.0% is recognized at a rate of 20% per year, until fully recognized after five years. Prior to the 2011 actuarial valuation, COLAs were projected to increase at a rate of 1.75% annually. Effective with the 2011 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually. Effective with the 2015 actuarial valuation, COLAs are projected to increase at a rate of 1.50% annually.

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

Note 5 Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset) Liability - Continued

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

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

Actuarial cost method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.
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Asset valuation method	Five-year phased in deferred recognition of each year's net investment income/loss in excess of (or less than) 7.5% at a rate of 20% per year, until fully recognized after five years. For fiscal years ending prior to June 30, 2015, realized and unrealized appreciation in excess of (or less than) the assumed inflationary rate of 3.0% is subject to the five-year phase in.
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Inflation	2.5%
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Projected salary increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.
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<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Investment rate of return	7.5% compounded annually, net of investment expenses, including inflation.
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Projected cost of living adjustments	1.5% compounded annually
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WEST GENESEE CENTRAL SCHOOL DISTRICT

SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2017

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ <u>82,227,170</u>
Prior year's encumbrances	<u>1,500,993</u>
Original Budget	<u>83,728,163</u>
Budget Additions:	
Gifts and donations	25,198
Additional state aid	40,000
Use of reserves	<u>21,250</u>
Total Additions	<u>86,448</u>
Final Budget	\$ <u><u>83,814,611</u></u>

Next year's budget is a voter approved budget **\$ 85,216,870**

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2017-2018 Voter-Approved Expenditure Budget
Maximum allowed (4% of 2017-2018 Budget) **\$ 3,408,675**

General Fund Fund Balance Subject to §1318 of Real Property Tax Law:

Unrestricted Fund Balance:	
Assigned fund balance	\$ 2,034,381
Unassigned fund balance	<u>3,401,282</u>
Total Unrestricted Fund Balance	<u>5,435,663</u>

Less:	
Appropriated fund balance	\$ 1,400,000
Encumbrances included in committed and assigned fund balance	<u>634,381</u>
Total Adjustments	<u>2,034,381</u>

General Fund Fund Balance Subject to §1318 of Real Property Law **\$ 3,401,282**

Actual Percentage 3.99%

See Independent Auditor's Report

WEST GENESEE CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2017

PROJECT TITLE	Expenditures					
	Original Budget	Revised Budget	Prior Years	Current Year	Transfer to General Fund	Total
Prior Year Buses	\$ 3,893,489	\$ 3,893,489	\$ 3,919,327	\$	\$	\$ 3,919,327
2016 - 2017 Buses	1,153,999	1,199,553		1,199,553		1,199,553
Camillus Middle Construction - 0012-007	1,552,634	1,731,730	1,930,587	13,424		1,944,011
District Wide Construction - 79999001	2,292,500	2,201,955	2,273,721			2,273,721
East Hill Elementary Construction - 0002-009	3,513,450	2,742,760	2,075,033	1,453,408		3,528,441
Stonehedge Elementary Construction - 0010-008	3,905,775	3,922,465	4,039,237	37,540		4,076,777
Transportation Center Construction - 5014004	576,084	550,216	558,305	1,355		559,660
West Genesee Middle Construction - 0009-005	3,154,769	2,633,410	896,367	1,346,991		2,243,358
Split Rock Elementary Construction - 0005-006	1,858,232	2,038,054	862,034	938,865		1,800,899
High School 0007-009	4,618,501	4,344,594	832,117	4,102,042		4,934,159
Onondaga Road Elementary Construction 0004-006	3,192,935	3,286,988	1,738,327	1,399,790		3,138,117
Unredeemed Bond Anticipation Notes						
Total	\$ 29,712,368	\$ 28,545,214	\$ 19,125,055	\$ 10,492,968	\$ -	\$ 29,618,023

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

See Independent Auditor's Report

<u>Unexpended Balance</u>	<u>Methods of Financing</u>				<u>Fund Balance (Deficit) June 30, 2017</u>
	<u>Proceeds of Obligations</u>	<u>State Aid</u>	<u>Local Sources</u>	<u>Total</u>	
\$ (25,838)	\$ 3,532,619	\$	\$ 400,767	\$ 3,933,386	\$ 14,059
-	293,090		913,563	1,206,653	7,100
(212,281)	1,944,011			1,944,011	-
(71,766)	2,273,721			2,273,721	-
(785,681)	1,750,524	550,000		2,300,524	(1,227,917) *
(154,312)	4,076,777			4,076,777	-
(9,444)	559,660			559,660	-
390,052	2,243,358			2,243,358	-
237,155	802,802	183,668		986,470	(814,429) *
(589,565)	7,759,793		585,123	8,344,916	3,410,757 *
148,871	1,672,905	300,000		1,972,905	(1,165,212) *
-	(3,201,200)			(3,201,200)	(3,201,200)
<u>\$ (1,072,809)</u>	<u>\$ 23,708,060</u>	<u>\$ 1,033,668</u>	<u>\$ 1,899,453</u>	<u>\$ 26,641,181</u>	<u>\$ (2,976,842)</u>

WEST GENESEE CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED JUNE 30, 2017

Capital assets, net	\$ <u>69,583,281</u>
Add:	
Deferred charges on defeased debt	<u>630,775</u>
Deduct:	
Bond anticipation notes	<u>(3,201,200)</u>
Premium on bonds payable	<u>(4,524,926)</u>
Short-term portion of capital installment purchase debt	<u>(140,000)</u>
Long-term portion of capital installment purchase debt	<u>(1,086,000)</u>
Short-term portion of bonds payable	<u>(3,915,000)</u>
Long-term portion of bonds payable	<u>(33,375,000)</u>
Net Investment in Capital Assets	\$ <u><u>23,971,930</u></u>

See Independent Auditor's Report

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

Board of Education
West Genesee Central School District
Camillus, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Genesee Central School District (the School District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 4, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Respectfully Submitted,

A handwritten signature in black ink that reads "Inero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Inero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 4, 2017

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Education
West Genesee Central School District
Camillus, New York

Report on Compliance for Each Major Federal Program

We have audited West Genesee Central School District’s (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal programs for the year ended June 30, 2017. The School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District’s compliance.

Opinion on Each Major Federal Program

In our opinion, the School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Respectfully Submitted,



Inero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 4, 2017

WEST GENESEE CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/Pass - Through Grantor Program Title</u>	<u>Federal CFDA #</u>	<u>Pass - Through Grantor #</u>	<u>Pass - Through to Subrecipients</u>	<u>Expenditures</u>
U.S. Department of Education				
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021172085	\$	\$ 513,417
Special Education Cluster:				
Special Education - Grants to States	84.027	0032170638		1,001,890
Special Education - Preschool Grants	84.173	0033170638		35,388
Total Special Education Cluster				1,037,278
Improving Teacher Quality State Grants	84.367	0147172085		123,993
Total U.S. Department of Education			-	1,674,688
U.S. Department of Agriculture				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	006731		113,623
National School Lunch Program	10.555	006731		750,353
Total Child Nutrition Cluster				863,976
Total U.S. Department of Agriculture				863,976
Total Expenditures of Federal Awards			\$ -	\$ 2,538,664

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

WEST GENESEE CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs administered by the School District, an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from Federal agencies, as well as Federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the Federal financial reports used as the source for the data presented. The School District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 4 **Matching Costs**

Matching costs, i.e., the School District's share of certain program costs, are not included in the reported expenditures.

Note 5 **Non-Monetary Federal Program**

The School District is the recipient of a Federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2017, the School District received \$130,799 under the National School Lunch Program (CFDA #10.555).

Note 6 **Subrecipients**

No amounts were provided to subrecipients.

Note 7 **Other Disclosures**

No insurance is carried specifically to cover equipment purchased with Federal Funds. Any equipment purchased with Federal Funds has only a nominal value, and is covered by the School District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

WEST GENESEE CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Result

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)?

___ yes X none reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)?

___ yes X no

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

10.553, 10.555

Child Nutrition Cluster

84.010

Title I Grants to Local Education Agencies

Dollar threshold used to distinguish between Type A and Type B
Programs

\$ 750,000

Auditee qualified as low-risk?

X yes ___ no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None