

BRIGHTON CENTRAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2018

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

T A B L E O F C O N T E N T S

	Pages
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis (Unaudited)	4 - 12
 Basic Financial Statements:	
Statement of Net Position	13
Statement of Activities and Changes in Net Position	14
Balance Sheet - Governmental Funds	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities	17
Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position	18
Notes to the Basic Financial Statements:	19 - 48
 Required Supplementary Information:	
Schedule of Changes in District's Total OPEB Liability and Related Ratio (Unaudited)	49
Schedule of the District's Proportionate Share of the Net Pension Liability (Unaudited)	50
Schedule of District Contributions (Unaudited)	51
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund (Unaudited)	52 - 53
 Supplementary Information:	
Schedule of Change from Adopted Budget to Final Budget and Real Property Tax Limit - General Fund	54
Schedule of Capital Projects Fund - Project Expenditures and Financing Resources	55
Combined Balance Sheet - Nonmajor Governmental Funds	56
Combined Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	57
Net Investment in Capital Assets	58
Schedule of Expenditures of Federal Awards	59
 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	 60 - 61

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Brighton Central School District, New York, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Brighton Central School District, New York, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note II to the financial statements, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, the beginning net position has been restated. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress postemployment benefit plan, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4–12 and 49–53 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 Brighton Central School District, New York's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2018 on our consideration of the Brighton Central School District, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's 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 Brighton Central School District, New York's internal control over financial reporting and compliance.

Rochester, New York
September 20, 2018

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

Brighton Central School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2018

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2018. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

At the close of the fiscal year, the total assets (what the district owns) was less than its total liabilities (what the district owes) by \$68,878,452 (net position). The primary factor contributing the overall net decrease in the net position is the recognition of the full value of the District's OPEB liability in accordance with GASB 75. The recognition of this liability decreased the District's net position by \$180,832,441.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$32,502,420, a decrease of \$514,581 in comparison with the prior year. The contributing factor to the decrease in the fund balance is due to the financial performance of the School District's General Fund, offset by the reduction of fund balance in the Capital Fund due current year construction expenses funded in the prior year. The General Fund performance allowed for the replenishment of the Capital Reserve Fund withdrawal authorization and provided a \$1,500,000 cash contribution to the Capital Fund to reduce future borrowing for the 2017 Brighton Facilities Improvement Project approved by the voters in May, 2017.

The excess revenues over expenditures in the General Fund, prior to the transfer to the Capital Projects Fund totaled \$4,098,871. The District was able to achieve this performance due to conservative estimates for budgeted revenues and lower than budgeted expenditures in the areas of salaries, benefits, certain mandated tuitions, and utilities.

Overview of the Financial Statements

These basic financial statements consist of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information.

The Management's Discussion and Analysis is intended to serve as an introduction to the School District's basic financial statements.

The basic financial statements include two kinds of statements that present different views of the School District:

- The first statements are government-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the School District's operations in more detail than the government-wide statements. The fund financial statements concentrate on the School District's most significant funds with all other non-major funds consolidated in one column.

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.

The major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain are shown below. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

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

Government-Wide Statements

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

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

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

Financial Analysis of the School District As A Whole

Net Position

The District's combined net position is less as of June 30, 2018 than they were the year before. The chart below provides a comparison of assets, liabilities, and the components of the net position:

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2018</u>	<u>2017</u>	<u>Percentage</u>
			<u>Change</u>
<u>ASSETS:</u>			
Current and Other Assets	\$ 39,633,216	\$ 42,811,955	-7.42%
Capital Assets	58,531,270	54,006,826	8.38%
Total Assets	\$ 98,164,486	\$ 96,818,781	1.39%
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Deferred Outflow of Resources	\$ 31,504,919	\$ 19,481,217	61.72%
<u>LIABILITIES:</u>			
Long-Term Debt Outstanding	\$ 187,039,812	\$ 36,504,928	412.37%
Other Liabilities	5,832,443	7,018,262	-16.90%
Total Liabilities	\$ 192,872,255	\$ 43,523,190	343.15%
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Deferred Inflow of Resources	\$ 5,675,602	\$ 1,006,728	463.77%
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 54,101,270	\$ 51,460,890	5.13%
<u>Restricted For,</u>			
Capital Projects	7,391,895	9,027,674	-18.12%
Employee Retirement Reserve	4,823,540	4,823,540	0.00%
Capital Reserve	11,390,580	10,883,735	4.66%
Other Purposes	2,175,799	1,879,795	15.75%
Unrestricted	(148,761,536)	(6,305,554)	2259.21%
Total Net Position	\$ (68,878,452)	\$ 71,770,080	-195.97%

Current and Other Assets are less than prior year due to the expenditures in the governmental funds, specifically cash spent in the Capital Fund on construction projects. This factor also contributes to the increase in capital assets.

The net change in Deferred Outflow of Resources and the Deferred Inflow of Resources relates to the net change in the District's proportion of the net pension asset and liability as well as the District's contribution to the pension systems (TRS and ERS).

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

By far, the largest component of the School District's positive net position (\$54.1 million) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

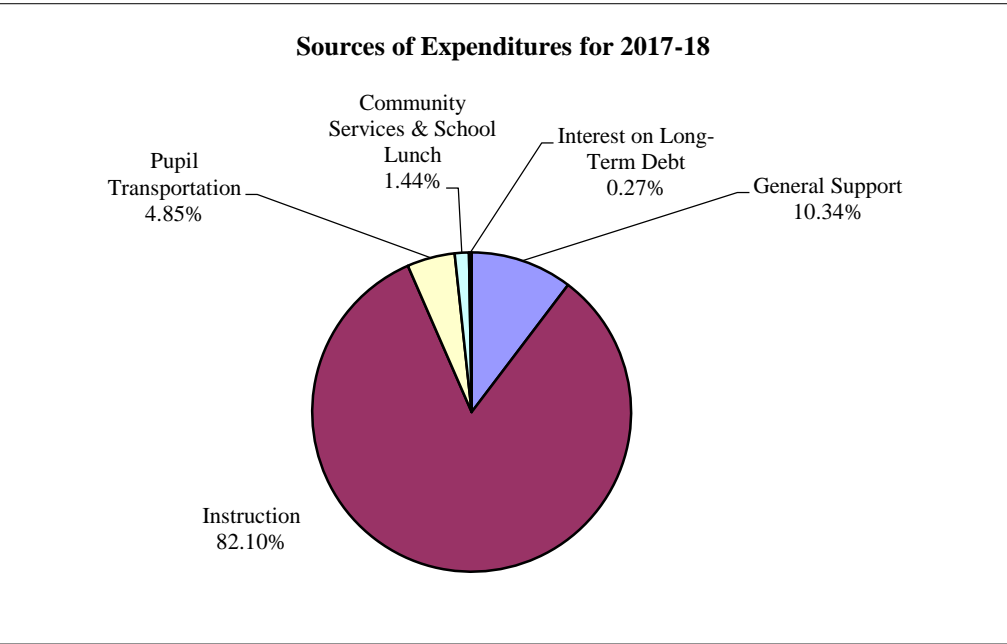
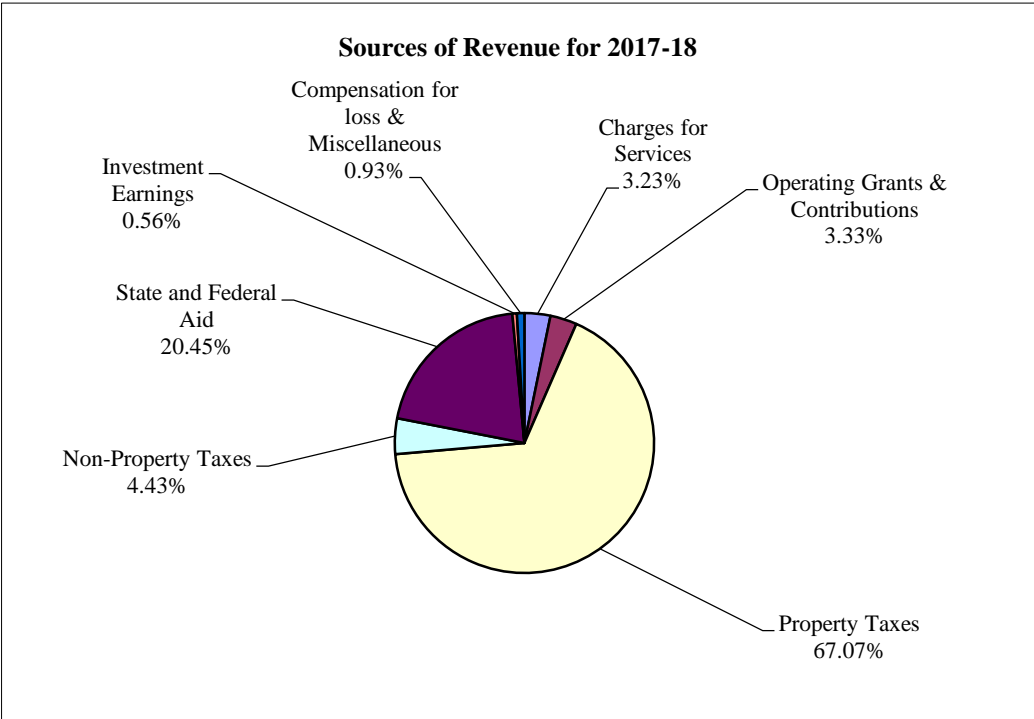
There are four restricted net asset balances, Capital Projects, Employee Retirement Reserve, Capital Reserve, and Other Purposes. The value of these restricted net asset balances increased \$1.05 million due to positive performance in the General Fund and investment in legally restricted reserve funds.

The unrestricted net position is a deficit of (\$148,761,536). The required recognition of the full value of the OPEB liability under GASB 75 resulted in a liability of \$180,832,441 at June 30, 2018. The net Deferred Outflow/Inflow of Resources for Pension and OPEB and the positive assigned and unassigned funds balances from the Governmental Funds offsets the impact of this liability on the net position.

Changes in Net Position

The District's total revenue increased by 1.52% to \$76,763,793. State and Federal Aid (20%) and property taxes (67%) accounted for most of the District's revenue. The remaining 13% of the revenue comes from operating grants, charges for services, non property taxes, investment earnings, compensation for loss, and miscellaneous revenues. For the 2017-18 school, the District complied with the New York Tax Cap Levy Limit which capped the General Fund property tax levy to 1.85%.

	<u>Governmental Activities</u>		Total
	<u>2018</u>	<u>2017</u>	<u>Percentage</u>
<u>REVENUES:</u>			<u>Change</u>
<u>Program -</u>			
Charges for Services	\$ 2,481,301	\$ 2,889,950	-14.14%
Operating Grants & Contributions	2,554,381	2,607,736	-2.05%
Total Program	<u>\$ 5,035,682</u>	<u>\$ 5,497,686</u>	<u>-8.40%</u>
<u>General -</u>			
Property Taxes	\$ 51,484,768	\$ 50,524,839	1.90%
Non-Property Taxes	3,403,903	3,253,943	4.61%
State and Federal Aid	15,696,017	15,344,630	2.29%
Investment Earnings	430,380	281,243	53.03%
Compensation for Loss	24,777	17,659	40.31%
Miscellaneous	688,266	695,233	-1.00%
Total General	<u>\$ 71,728,111</u>	<u>\$ 70,117,547</u>	<u>2.30%</u>
TOTAL REVENUES	<u>\$ 76,763,793</u>	<u>\$ 75,615,233</u>	<u>1.52%</u>
<u>EXPENSES:</u>			
General Support	\$ 8,714,383	\$ 8,455,438	3.06%
Instruction	70,057,473	64,855,422	8.02%
Pupil Transportation	4,086,843	4,006,090	2.02%
School Lunch	1,209,966	1,133,270	6.77%
Interest on Long-Term Debt	227,083	253,677	-10.48%
TOTAL EXPENSES	<u>\$ 84,295,748</u>	<u>\$ 78,703,897</u>	<u>7.10%</u>
CHANGES IN NET POSITION	<u>\$ (7,531,955)</u>	<u>\$ (3,088,664)</u>	<u>143.86%</u>



The total cost of all the programs and services increased by 7.10% to \$84,295,748. The District's expenses, which are predominately related to education and caring for the students (Instruction) accounted for 82.40%. General support, which included expenses associated with the operation, maintenance and administration of the District accounted for 10.34% of the total costs. The remaining 7.26% are expenses related to pupil transportation, school lunch program, community services, and expenses related to long-term debt.

General Support expenses increased 3.06% due primarily to the allocation of the increase in the OPEB liability. In the General Fund, General Support expenditures decreased 0.2%. Cost increases associated with Instruction (8.02%) are attributable to 1) the addition of teaching staff in response to increased enrollment and emerging student needs; 2) contractual increases; 3) increased student tuitions. Before allocations related to Pension and OPEB liability, the Instructional expenditures in the General Fund increased 2.0%. Pupil transportation costs increased 2.02% due to contractual increases with the District's primary transportation provider as well as an increase in demand for specialized transportation services. At the General Fund level, expenditures increased 1.6%.

Fund Financial Statements

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

Governmental Funds

All of the 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.

The funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

This information does not encompass the additional-long-term focus of the governmental-wide statements, therefore, additional information at the bottom of the governmental funds statements explains the relationship or differences between them.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balance* for the general fund and the capital projects fund reported as major funds. Data for the school lunch fund, the special aid fund, and the debt service fund are combined into a single, aggregated presentation called non-major funds. Individual fund data for each of these non-major governmental funds is provided in a combining statement format as a supplemental schedule in this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities fund.

The 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 District excludes activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$32,502,420 which is a decrease of 1.6% over last year's ending fund balance of \$33,017,001. This change is the result of positive results in the General Fund and a decrease in fund balance in the Capital Fund due to ongoing capital investments.

A reserve fund balance indicates that it is not available due to the fact that it is either legally restricted to liquidate current contracts and/or purchase orders or restricted for other purposes. The additional reserves and the increase in the amounts in various reserves demonstrate the continuing growth in the District's financial strength.

One of the most important pieces of information reported in the governmental fund financial statements is available fund balance. The fund balances represent the availability of various governmental fund resources for future use. The General Fund increased its contributions to legally restricted Reserve Funds by \$802,245. This was offset by a decrease in restricted Capital Funds by \$1,635,779 due to ongoing capital investments. The General Fund maintains the legal maximum unassigned, undesignated fund balance limited to 4% of the 2018-19 Budget.

	<u>2018</u>	<u>2017</u>
Nonspendable	\$ 13,567	\$ 14,675
Restricted	25,781,814	26,614,744
Assigned	3,590,151	3,427,692
Unassigned:		
General	3,116,888	2,959,890
Total Fund Balance	<u>\$ 32,502,420</u>	<u>\$ 33,017,001</u>

Of the Restricted Funds in the District's General Fund, \$9,600,283 is held in the Building Capital Reserve Fund. In 2017, the District withdrew \$5.2 million from this reserve fund as part of a \$64.9 million capital project. At June 30, 2018, this amount has been fully replenished and additional contribution of \$1.0 million has been made to the reserve fund. Other Restricted Reserve funds accounted for in the General Fund totaling \$6.5 million increased from prior year by \$0.3 million and Restricted Fund balance in the Capital Fund totaling \$7.4 million decreased \$1.6 million. This is due to project expenditures funded in prior years.

General Fund Budgetary Highlights

During the course of the 2017-18 fiscal year, the General Fund Budget was amended to account for \$704,000 in carryover encumbrances from the 2016-17 fiscal year. In addition, the budget was increased \$500,000 based on the authorized expenditures from the District's Technology Reserve, \$1,500,000 for the voter approved transfer from the capital reserve, and \$125,000 for the voter approved transfer from the bus capital reserve.

While the District's final budget for the general fund anticipated that revenues and expenditures would be equal, the actual results for the year show a \$4,098,871 surplus, prior to the Transfers to the Capital Projects Fund and Special Revenue Funds totaling \$3,067,105 as described below:

- The District received revenues in excess of budget in the area of sales tax, charges for services for student services such as Health Services and Parentally Placed Billings.
- State Aid received was greater than projected due to increase in categorical (reimbursable) aid as well as an increase in Foundation Aid that was authorized after the adoption of the Budget.

- Salaries were lower than projected due to retirements and attrition. This also contributed surpluses in pension contributions and payroll taxes.
- Health care contributions were less than expected due to lower medical trends from what was projected.
- Changes in programming resulted in savings in private tuitions paid for students with disabilities
- Utility costs were less than budgeted.
- Some expenditures normally located within the General Fund were redistributed because of the receipt of Federal and State grant funding.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2017-18 fiscal year, the District had invested \$58,531,270 in a broad range of capital assets, including school buildings, athletic facilities, vehicles, and equipment.

	<u>2018</u>	<u>2017</u>
Land	\$ 1,966,018	\$ 1,966,018
Work in Progress	4,150,022	826,690
Buildings and Improvements	51,383,478	52,894,103
Machinery and Equipment	1,031,752	1,112,723
Total	<u>\$ 58,531,270</u>	<u>\$ 56,799,534</u>

In 2017-18, the design work and professional fees began on the 2017 Brighton Facilities Improvement Plan which contributed to the increase in Work in Progress. Construction is scheduled to begin in April 2019 and is expected to be ongoing until September of 2021.

Long-Term Debt

GASB 75 required a restatement of long-term liabilities to account for the District's OPEB liability. At year-end, the District had \$187,039,812 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2018</u>	<u>2017</u>
Serial Bonds	\$ 4,430,000	\$ 5,260,000
Net Pension Liability	615,239	3,459,327
Compensated Absences	1,162,132	1,145,479
OPEB	180,832,441	159,756,699
Total Long-Term Obligations	<u>\$ 187,039,812</u>	<u>\$ 169,621,505</u>

Obligations

During the year, the District continued to pay down its debt, retiring \$830,000 in outstanding bonds. The cash contribution totaling \$5.2 million in 2017 allowed the District to defer having to issue any short or long-term debt instruments to finance the pre-construction phase of the 2017 Brighton Facilities Improvement Plan.

The net pension liability and the OPEB liabilities are actuarially calculated. There is no legal mechanism for public school districts in New York State to fund such liabilities.

Factors Bearing on the District's Future

1. On May 16, 2017 the voters of the District authorized a \$64,996,500 capital improvement project consisting of a) the construction of alterations, renovations, and improvement to each of the District's existing school buildings and facilities; and, b) the construction of additions to the Council Rock Primary School to include twelve general education classrooms, three special education classrooms, two ancillary instructional spaces, one mechanical room, and the expansion of the current kitchen/cafeteria space.

The purpose of the additional classroom space is to implement a full-day kindergarten program. Brighton is currently one of less than 20 districts in New York State to provide a half-day kindergarten program. Construction is expected to be ongoing until September 2021.

In anticipation of the start of a full-day kindergarten program in 2021, the District has a plan to fund the operating increases associated with the expanded program over the next three budget years. The debt service related to the comprehensive capital project is expected to have a \$144 tax impact on an average single-family home assessed at \$200,000.

At June 30, 2018 the Board of Education approved a transfer of \$1,500,000 to the Capital Fund to further reduce debt associated with the project and improve cash flow. However, the District does expect to issue short-term debt in June of 2019.

2. Enrollment in the District is stable and the academic performance of the District is strong.
3. The District relies heavily on local tax dollars to support programs. The average budget passage rate for the last five years is 82.0% with an 87.5% passage rate for the 2018-19 budget.
4. The State has partially corrected a funding issue that was disproportionately disadvantaging Brighton. A correction of \$1.1 million was added to the District's base year Foundation Aid. Correcting the base year allocation provides for more stability in State Aid than the District experienced in the prior three years.
5. All labor agreements have been negotiated and are in effect through June 2020.

Contacting the School District's Financial Management

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

Brighton Central School District
Attn: Lou Alaimo
Business Office
2035 Monroe Ave.
Rochester, NY 14618
585-242-5200 ext. 5089

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**Statement of Net Position****June 30, 2018**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 33,085,995
Accounts receivable	5,221,665
Inventories	13,567
Net pension asset	1,311,989
Capital Assets:	
Land	1,966,018
Work in progress	4,150,022
Other capital assets (net of depreciation)	52,415,230
TOTAL ASSETS	<u>\$ 98,164,486</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>\$ 31,504,919</u>
LIABILITIES	
Accounts payable	\$ 173,918
Accrued liabilities	2,115,688
Unearned revenues	333,580
Due to other governments	441
Due to teachers' retirement system	3,024,175
Due to employees' retirement system	184,641
Long-Term Obligations:	
Due in one year	1,145,533
Due in more than one year	185,894,279
TOTAL LIABILITIES	<u>\$ 192,872,255</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>\$ 5,675,602</u>
NET POSITION	
Net investment in capital assets	\$ 54,101,270
Restricted For:	
Capital projects	7,391,895
Reserve for employee retirement system	4,823,540
Capital reserves	11,390,580
Other purposes	2,175,799
Unrestricted	(148,761,536)
TOTAL NET POSITION	<u>\$ (68,878,452)</u>

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Activities and Changes in Net Position

For Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
<u>Primary Government -</u>				
General support	\$ 8,714,383	\$ -	\$ -	\$ (8,714,383)
Instruction	70,057,473	1,811,429	2,196,843	(66,049,201)
Pupil transportation	4,086,843	-	-	(4,086,843)
School lunch	1,209,966	669,872	357,538	(182,556)
Interest	227,083	-	-	(227,083)
Total Primary Government	\$ 84,295,748	\$ 2,481,301	\$ 2,554,381	\$ (79,260,066)
General Revenues:				
Property taxes				\$ 51,484,768
Non property taxes				3,403,903
State and federal aid				15,696,017
Investment earnings				430,380
Compensation for loss				24,777
Miscellaneous				688,266
Total General Revenues				\$ 71,728,111
Changes in Net Position				\$ (7,531,955)
Net Position, Beginning of Year (restated)				(61,346,497)
Net Position, End of Year				\$ (68,878,452)

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2018

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 26,526,995	6,021,965	\$ 537,035	\$ 33,085,995
Receivables	4,553,738	-	667,927	5,221,665
Inventories	-	-	13,567	13,567
Due from other funds	333,707	1,370,022	-	1,703,729
TOTAL ASSETS	<u>\$ 31,414,440</u>	<u>\$ 7,391,987</u>	<u>\$ 1,218,529</u>	<u>\$ 40,024,956</u>
LIABILITIES AND FUND BALANCES				
<u>Liabilities -</u>				
Accounts payable	\$ 173,918	\$ -	\$ -	\$ 173,918
Accrued liabilities	2,078,596	-	23,456	2,102,052
Due to other funds	1,370,022	92	333,615	1,703,729
Due to other governments	-	-	441	441
Due to TRS	3,024,175	-	-	3,024,175
Due to ERS	184,641	-	-	184,641
Unearned revenue	20,540	-	313,040	333,580
TOTAL LIABILITIES	<u>\$ 6,851,892</u>	<u>\$ 92</u>	<u>\$ 670,552</u>	<u>\$ 7,522,536</u>
<u>Fund Balances -</u>				
Nonspendable	\$ -	\$ -	\$ 13,567	\$ 13,567
Restricted	17,985,709	7,391,895	404,210	25,781,814
Assigned	3,443,617	-	146,534	3,590,151
Unassigned	3,133,222	-	(16,334)	3,116,888
TOTAL FUND BALANCE	<u>\$ 24,562,548</u>	<u>\$ 7,391,895</u>	<u>\$ 547,977</u>	<u>\$ 32,502,420</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 31,414,440</u>	<u>\$ 7,391,987</u>	<u>\$ 1,218,529</u>	

**Amounts reported for governmental activities in the
Statement of Net Position are different because:**

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

58,531,270

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

(13,636)

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

Serial bonds payable	(4,430,000)
OPEB	(180,832,441)
Compensated absences	(1,162,132)
Net pension asset	1,311,989
Deferred outflow - pension	19,413,086
Deferred outflow - OPEB	12,091,833
Net pension liability	(615,239)
Deferred inflow - pension	(5,675,602)

Net Position of Governmental Activities

\$ (68,878,452)

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For Year Ended June 30, 2018

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes and tax items	\$ 51,484,768	\$ -	\$ -	\$ 51,484,768
Non-property taxes	3,403,903	-	-	3,403,903
Charges for services	1,811,429	-	-	1,811,429
Use of money and property	429,776	-	604	430,380
Sale of property and compensation for loss	24,777	-	-	24,777
Miscellaneous	672,275	15,935	356,833	1,045,043
State sources	15,654,364	-	662,959	16,317,323
Federal sources	41,653	-	1,534,645	1,576,298
Sales	-	-	669,872	669,872
TOTAL REVENUES	<u>\$ 73,522,945</u>	<u>\$ 15,935</u>	<u>\$ 3,224,913</u>	<u>\$ 76,763,793</u>
EXPENDITURES				
General support	\$ 6,256,141	\$ -	\$ -	\$ 6,256,141
Instruction	39,181,338	-	2,124,905	41,306,243
Pupil transportation	3,731,124	-	146,071	3,877,195
Employee benefits	19,196,008	-	287,766	19,483,774
Debt service - principal	830,000	-	-	830,000
Debt service - interest	229,463	-	-	229,463
Cost of sales	-	-	417,226	417,226
Other expenses	-	-	386,175	386,175
Capital outlay	-	4,492,157	-	4,492,157
TOTAL EXPENDITURES	<u>\$ 69,424,074</u>	<u>\$ 4,492,157</u>	<u>\$ 3,362,143</u>	<u>\$ 77,278,374</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 4,098,871</u>	<u>\$ (4,476,222)</u>	<u>\$ (137,230)</u>	<u>\$ (514,581)</u>
OTHER FINANCING SOURCES (USES)				
Transfers - in	\$ -	\$ 2,919,087	\$ 148,018	\$ 3,067,105
Transfers - out	(3,067,105)	-	-	(3,067,105)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (3,067,105)</u>	<u>\$ 2,919,087</u>	<u>\$ 148,018</u>	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 1,031,766</u>	<u>\$ (1,557,135)</u>	<u>\$ 10,788</u>	<u>\$ (514,581)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>23,530,782</u>	<u>8,949,030</u>	<u>537,189</u>	<u>33,017,001</u>
FUND BALANCE, END OF YEAR	<u>\$ 24,562,548</u>	<u>\$ 7,391,895</u>	<u>\$ 547,977</u>	<u>\$ 32,502,420</u>

(See accompanying notes to financial statements)

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For Year Ended June 30, 2018

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS

\$ (514,581)

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

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

Capital Outlay	\$ 4,492,157	
Additions to Assets, Net	(461,777)	
Depreciation	<u>(2,298,644)</u>	
		1,731,736

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

Debt Repayments	830,000
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In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	2,380
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The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(8,983,909)
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(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System	(574,125)
Employees' Retirement System	(6,803)

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

Compensated Absences	<u>(16,653)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (7,531,955)

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2018

	Private Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 84,256	\$ 2,661,250
Receivable from general fund	-	8,182
TOTAL ASSETS	<u>\$ 84,256</u>	<u>\$ 2,669,432</u>
LIABILITIES		
Accounts payable	\$ -	\$ 709,832
Extraclassroom activity balances	-	234,567
Other liabilities	-	1,725,033
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 2,669,432</u>
NET POSITION		
Restricted for scholarships	\$ 84,256	
TOTAL NET POSITION	<u>\$ 84,256</u>	

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2018

	Private Purpose Trust
ADDITIONS	
Contributions	\$ 2,090
Investment earnings	23
TOTAL ADDITIONS	<u>\$ 2,113</u>
DEDUCTIONS	
Scholarships and donations	\$ 2,600
TOTAL DEDUCTIONS	<u>\$ 2,600</u>
CHANGE IN NET POSITION	\$ (487)
NET POSITION, BEGINNING OF YEAR	<u>84,743</u>
NET POSITION, END OF YEAR	<u>\$ 84,256</u>

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2018

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

1. Extraclassroom Activity Funds

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

B. Joint Venture

The District is a component of the First Supervisory District of Monroe County Board of Cooperative Educational Services (BOCES). The BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

(I.) (Continued)

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

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

During the year, the District was billed \$6,611,069 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,689,471.

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

C. Basis of Presentation

1. Districtwide Statements

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

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

2. Fund Statements

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

The District reports the following governmental funds:

(I.) (Continued)

a. **Major Governmental Funds**

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

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

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

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

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

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

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

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

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

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

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

(I.) (Continued)

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

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

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on July 31, 2017. Taxes are collected during the period September 1 to October 31, 2017. Taxpayers may also elect to pay in three equal installments due September 15, October 15, and November 15.

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

F. Restricted Resources

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

G. Interfund Transactions

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

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

(I.) (Continued)

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

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

H. Estimates

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

I. Cash and Cash Equivalents

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

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

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

J. Receivables

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. Inventory and Prepaid Items

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

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

(I.) (Continued)

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

L. Capital Assets

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-50 Years
Machinery and Equipment	\$ 5,000	SL	5-25 Years

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

M. Unearned Revenue

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

N. Deferred Outflows and Inflows of Resources

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

(I.) (Continued)

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

O. Vested Employee Benefits

1. Compensated Absences

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

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

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

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

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

P. Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Q. Accrued Liabilities and Long-Term Obligations

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

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

R. Equity Classifications

1. District-Wide Statements

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

- a. Net Investment in Capital Assets** - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
- b. Restricted Net Position** - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

	<u>Total</u>
Unemployment Costs	\$ 452,861
Insurance	100,000
Tax Certiorari	355,707
Debt	404,210
Employee Benefits Accrued Liability	<u>863,021</u>
Total Net Position - Restricted for Other Purposes	<u><u>\$ 2,175,799</u></u>

- c. Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

2. Fund Statements

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

- a. Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes \$13,567 of inventory in the school lunch fund.

(I.) (Continued)

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

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

<u>Name of Reserve</u>	<u>Maximum Funding</u>	<u>Total Funding Provided</u>	<u>Year End Balance</u>
Technology Capital Reserve	\$ 7,500,000	\$ 7,500,000	\$ 1,179,725
Technology Capital Reserve	\$ 5,000,000	\$ 907,340	\$ 410,572
Bus Purchase Reserve	\$ 5,000,000	\$ 325,000	\$ 200,000
Building Capital Reserve	\$ 20,000,000	\$ 17,791,570	\$ 9,600,283

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

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

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

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

(I.) (Continued)

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

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

Restricted fund balances include the following:

General Fund -

Capital	\$ 11,390,580
Employee Benefit Accrued Liability	863,021
Insurance	100,000
Retirement Contribution	4,823,540
Tax Certiorari	355,707
Unemployment Insurance	452,861

Capital Fund -

2011-12 Capital Improvement Project	21,445
2012-13 Capital Improvement Project	205,222
2013-14 Capital Improvement Project	790,916
2014-15 Capital Improvement Project	27,824
2015-16 Capital Improvement Project	655,611
2016-17 Capital Improvement Project	1,235,352
2017-18 Facility Improvement Project	2,850,713
2017-18 Solar Project	30,762
2018-19 Capital Improvement Project	1,500,000
Emergency PA System	74,050

Debt Service Fund -

Debt Service	404,210
Total Restricted Funds	<u><u>\$ 25,781,814</u></u>

(I.) (Continued)

The District appropriated and/or budgeted funds from the following reserves for the 2018-19 budget:

Unemployment	\$ 56,000
Retirement Contribution	800,000
Total	\$ 856,000

c. **Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2018.

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

Significant encumbrances for the general fund, management has determined that amounts in excess of \$98,000 are considered significant and are summarized below:

- Finance \$111,276
- Central Services \$162,888
- Instructional Media \$181,982
- Pupil Transportation \$155,327
- Employee Benefits \$118,006

The Capital Fund had \$6,472,231 in outstanding encumbrances for capital improvements at year end.

Assigned fund balances include the following:

General Fund-Encumbrances	\$ 843,617
General Fund-Appropriated for Taxes	2,600,000
Special Aid-Community Programs	59,276
School Lunch Fund-Year End Equity	87,258
Total Assigned Fund Balance	\$ 3,590,151

e. **Unassigned Fund Balance** – Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the school district and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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

(I.) (Continued)

3. Order of Use of Fund Balance

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

T. New Accounting Standards

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

The GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

GASB has issued Statement 85, *Omnibus 2017*.

GASB has issued Statement 86, *Certain Debt Extinguishment Issues*.

U. Future Changes in Accounting Standards

GASB has issued Statement 83, *Certain Asset Retirement Obligations*, which will be effective for reporting periods beginning after June 15, 2018.

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

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

GASB has issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*, which will be effective for reporting periods beginning after December 15, 2019.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2019

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

II. Restatement of Net Position

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The District's net position has been restated as follows:

	Districtwide Statements
	Governmental Activities
Net position beginning of year, as previously stated	\$ 71,770,080
Increase to OPEB liability	(133,116,577)
Net position beginning of year, as restated	<u>\$ (61,346,497)</u>

III. Changes in Accounting Principles

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the statement requires Districts to report Other Postemployment Benefits (OPEB) liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB. See Note II for the financial statement impact of implementation of the Statements.

IV. Stewardship, Compliance and Accountability

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

A. Budgets

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

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2017-18 year, the budget was increased by a \$500,000 voter approved appropriation from the technology capital reserve, \$125,000 for a voter approved appropriation from the bus capital reserve, \$1,500,000 for a voter approved appropriation from the capital reserve, and \$704,000 in prior year encumbrances.

(IV.) (Continued)

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

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

B. Encumbrances

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

C. Deficit Net Position

The District-wide net position had a deficit at June 30, 2018 of (\$68,878,452). The deficit is a result of the implementation of GASB 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", which required the recognition of an unfunded liability of \$180,832,441 at June 30, 2018. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

D. Deficit Fund Balance – Special Aid Fund – Continuing Education Program

As indicated in the financial statements, the District's Continuing Education program recorded in the special aid fund had a deficit fund balance of \$16,334 at June 30, 2018.

V. Cash and Cash Equivalents

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

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

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	29,758,321
Collateralized within trust department or agent	5,659,455
Total	\$ 35,417,776

(V.) (Continued)

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end includes \$25,781,814 within the governmental funds and \$84,256 in the fiduciary funds.

VI. Receivables

Receivables at June 30, 2018 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>		
	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Accounts Receivable	\$ 2,557,846	\$ 71,294	\$ 2,629,140
Due From State and Federal	403,330	-	403,330
Due From Other Governments	1,592,562	596,633	2,189,195
Total	\$ 4,553,738	\$ 667,927	\$ 5,221,665

VII. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2018 were as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 333,707	\$ 1,370,022	\$ -	\$ 3,067,105
Special Aid Fund	-	315,481	146,585	-
School Lunch Fund	-	18,134	1,433	-
Capital Fund	1,370,022	92	2,919,087	-
Total government activities	\$ 1,703,729	\$ 1,703,729	\$ 3,067,105	\$ 3,067,105

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

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

VIII. Long Term Assets

A. Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2018</u>
<u>Governmental Activities:</u>				
<u>Capital assets that are not depreciated -</u>				
Land	\$ 1,966,018	\$ -	\$ -	\$ 1,966,018
Work in progress	826,690	4,492,157	(1,168,825)	4,150,022
<i>Total Nondepreciable</i>	<u>\$ 2,792,708</u>	<u>\$ 4,492,157</u>	<u>\$ (1,168,825)</u>	<u>\$ 6,116,040</u>
<u>Capital assets that are depreciated -</u>				
Buildings and improvements	\$ 99,527,891	\$ 610,942	\$ -	\$ 100,138,833
Machinery and equipment	2,287,994	96,106	-	2,384,100
<i>Total Depreciated Assets</i>	<u>\$ 101,815,885</u>	<u>\$ 707,048</u>	<u>\$ -</u>	<u>\$ 102,522,933</u>
<u>Less accumulated depreciation -</u>				
Buildings and improvements	\$ 46,572,737	\$ 2,182,618	\$ -	\$ 48,755,355
Machinery and equipment	1,236,322	116,026	-	1,352,348
<i>Total accumulated depreciation</i>	<u>\$ 47,809,059</u>	<u>\$ 2,298,644</u>	<u>\$ -</u>	<u>\$ 50,107,703</u>
<i>Total capital assets depreciated, net of accumulated depreciation</i>	<u>\$ 54,006,826</u>	<u>\$ (1,591,596)</u>	<u>\$ -</u>	<u>\$ 52,415,230</u>
Total Capital Assets	<u>\$ 56,799,534</u>	<u>\$ 2,900,561</u>	<u>\$ (1,168,825)</u>	<u>\$ 58,531,270</u>

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

Governmental Activities:

General government support	\$ 114,213
Instruction	2,075,504
School lunch	108,927
Total Depreciation Expense	<u>\$ 2,298,644</u>

B. Deferred Outflows of Resources

Deferred Outflows

Deferred outflow - pensions	\$ 19,413,086
Deferred outflow - OPEB	12,091,833
Total Deferred Outflows	<u>\$ 31,504,919</u>

IX. Long-Term Debt Obligations

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

Governmental Activities:	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018	Due Within One Year
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 5,260,000	\$ -	\$ 830,000	\$ 4,430,000	\$ 855,000
<u>Other Liabilities -</u>					
OPEB	\$ 159,756,699	\$ 21,075,742	\$ -	\$ 180,832,441	\$ -
Net Pension Liability	3,459,327	-	2,844,088	615,239	-
Compensated Absences	1,145,479	16,653	-	1,162,132	290,533
Total Other Liabilities	\$ 164,361,505	\$ 21,092,395	\$ 2,844,088	\$ 182,609,812	\$ 290,533
Total Long-Term Obligations	\$ 169,621,505	\$ 21,092,395	\$ 3,674,088	\$ 187,039,812	\$ 1,145,533

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

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2018</u>
<u>Serial Bonds -</u>				
Refunding Bonds	2011	2021	2.00%-5.00%	\$ 1,415,000
Refunding Bonds	2015	2025	2.00%-4.00%	3,015,000
				\$ 4,430,000

The following is a summary of debt service requirements:

	<u>Serial Bonds</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 855,000	\$ 203,425
2020	865,000	166,450
2021	885,000	127,150
2022	425,000	87,000
2023	445,000	70,000
2024-25	955,000	72,250
Total	\$ 4,430,000	\$ 726,275

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$4,840,000 of bonds outstanding are considered defeased.

(IX.) (Continued)

Interest on long-term debt for June 30, 2018 was composed of:

Interest paid	\$ 229,463
<u>Less:</u> interest accrued in the prior year	(16,016)
<u>Plus:</u> interest accrued in the current year	13,636
Total interest expense	<u>\$ 227,083</u>

X. Pension Plans

A. General Information

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

B. Provisions and Administration

A 10 member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the system, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

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

C. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2018:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2018	\$ 817,804	\$ 3,024,175

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

At June 30, 2018, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2018 for ERS and June 30, 2017 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Net pension assets/(liability)	\$ (615,239)	\$ 1,311,989
District's portion of the Plan's total net pension asset/(liability)	0.0191%	0.1726%

For the year ended June 30, 2018, the District recognized pension expenses of \$815,788 for ERS and \$3,323,605 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(X.) (Continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expended and actual experience	\$ 219,436	\$ 1,079,445	\$ 181,334	\$ 511,529
Changes of assumptions	407,954	13,349,745	-	-
Net difference between projected and actual earnings on pension plan investments	893,586	-	1,763,850	3,090,114
Changes in proportion and differences between the District's contributions and proportionate share of contributions	246,392	200,767	35,081	93,694
Subtotal	<u>\$ 1,767,368</u>	<u>\$ 14,629,957</u>	<u>\$ 1,980,265</u>	<u>\$ 3,695,337</u>
District's contributions subsequent to the measurement date	184,641	2,831,120	-	-
Grand Total	<u>\$ 1,952,009</u>	<u>\$ 17,461,077</u>	<u>\$ 1,980,265</u>	<u>\$ 3,695,337</u>

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

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2018	\$ -	\$ 328,718
2019	203,699	3,557,042
2020	154,308	2,552,616
2021	(401,940)	652,561
2022	(168,964)	2,545,263
Thereafter	-	1,298,420
Total	<u>\$ (212,897)</u>	<u>\$ 10,934,620</u>

E. Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.00%	7.25%
Salary scale	3.80%	4.01% - 10.91%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.50%	2.50%
COLA's	1.30%	1.50%

(X.) (Continued)

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 adjustments for mortality improvements based on Society of Actuaries Scale AA.

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

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
<u>Asset Type -</u>		
Domestic equity	4.55%	5.90%
International equity	6.35%	7.40%
Private equity	7.50%	0.00%
Real estate	5.55%	4.30%
Absolute return strategies *	3.75%	0.00%
Opportunistic portfolios	5.68%	0.00%
Real assets	5.29%	0.00%
Bonds and mortgages	1.31%	2.80%
Cash	-0.25%	0.00%
Inflation-indexed bonds	1.25%	0.00%
Alternative investments	0.00%	9.00%
Domestic fixed income securities	0.00%	1.60%
Global fixed income securities	0.00%	1.30%
Short-term	0.00%	0.60%

The real rate of return is net of the long-term inflation assumption of 2.5%

* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and internal equity.

F. Discount Rate

The discount rate used to calculate the total pension liability was 7% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(X.) (Continued)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6% for ERS and 6.25% for TRS) or 1-percentagepoint higher (8% for ERS and 8.25% for TRS) than the current rate :

		Current Assumption (7%)	
<u>ERS</u>	1% Decrease (6%)		1% Increase (8%)
Employer's proportionate share of the net pension asset (liability)	\$ (4,655,066)	\$ (615,239)	\$ 2,802,293

		Current Assumption (7.5%)	
<u>TRS</u>	1% Decrease (6.5%)		1% Increase (8.5%)
Employer's proportionate share of the net pension asset (liability)	\$ (22,601,688)	\$ 1,311,989	\$ 21,338,507

H. Pension Plan Fiduciary Net Position

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

	(In Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Employers' total pension liability	\$ 183,400,590	\$ 114,708,261
Plan net position	180,173,145	115,468,360
Employers' net pension asset/(liability)	<u>\$ (3,227,445)</u>	<u>\$ 760,099</u>
Ration of plan net position to the employers' total pension asset/(liability)	98.24%	100.66%

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$184,641.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to \$3,024,175.

XI. Postemployment Benefits

A. General Information About the OPEB Plan

Plan Description – The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	679
Active Employees	<u>671</u>
Total	<u><u>1,350</u></u>

B. Total OPEB Liability

The District’s total OPEB liability of \$180,832,441 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.37%
Salary Increases	3.31%
Discount Rate	3.61%
Healthcare Cost Trend Rates	Initial rate of 6.2% decreasing to an ultimate rate of 4.17% after 2070
Retirees' Share of Benefit-Related Costs	Varies between 0% and 20% depending on contract

The discount rate was based on a tax exempt, high-quality 20-year tax exempt general obligation municipal bond yield or index rate.

Mortality rates were based on 2015 New York State Teachers Retirement System mortality rates for active members for all active employees, and 2015 New York State Teachers Retirement System mortality base rates for service and deferred annuitants and beneficiaries, fully generational using Mortality Improvement Scale MP-2017 for retirees and surviving spouses.

(XI.) (Continued)

C. Changes in the Total OPEB Liability

Balance at June 30, 2017	<u>\$ 159,756,699</u>
<u>Changes for the Year -</u>	
Service cost	\$ 5,312,185
Interest	6,114,266
Changes of benefit terms	(916,963)
Differences between expected and actual experience	9,300,912
Changes in assumptions or other inputs	5,432,484
Benefit payments	<u>(4,167,142)</u>
Net Changes	<u>\$ 21,075,742</u>
Balance at June 30, 2018	<u>\$ 180,832,441</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.80 percent in 2017 to 3.61 percent in 2018.

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

	1% Decrease	Discount	1% Increase
	(2.61%)	Rate	(4.61%)
	<u>(2.61%)</u>	<u>(3.61%)</u>	<u>(4.61%)</u>
Total OPEB Liability	\$ 216,573,388	\$ 180,832,441	\$ 152,983,415

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

	1% Decrease	Healthcare	1% Increase
	(5.2%	Cost Trend Rates	(7.2%
	Decreasing	(6.2%	Decreasing
	<u>to 3.23%</u>	Decreasing	<u>to 5.23%</u>
	<u>to 3.23%</u>	<u>to 4.23%</u>	<u>to 5.23%</u>
Total OPEB Liability	\$ 145,957,321	\$ 180,832,441	\$ 228,734,240

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$14,192,837. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(XI.) (Continued)

	<u>Deferred Outflows of Resources</u>
Differences between expended and actual experience	\$ 6,975,684
Changes of assumptions	<u>4,074,363</u>
Subtotal	11,050,047
District's contributions subsequent to the measurement date	<u>1,041,786</u>
Total	<u><u>\$ 12,091,833</u></u>

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

<u>Year</u>	
2019	\$ 3,683,349
2020	3,683,349
2021	<u>3,683,349</u>
Total	<u><u>\$ 11,050,047</u></u>

XII. Risk Management

A. General Information

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

B. Health Plan

The District incurs costs related to the Rochester Area School Health Plan (Plan I and Plan II) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts.

1. Plan I

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. Membership in the Plan may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the unanimous approval of the Board of Directors. Voluntary withdrawal from the Plans may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than thirty days prior to the end of the Plan year. Plan members bear an equal proportionate share of the Plan's assets and claim liabilities. Pursuant to the Municipal Cooperative Agreement the Plan is a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors. This Plan members include seventeen districts and two BOCES with the District bearing an equal proportionate share of the Plan's assets and claim liabilities.

(XII.) (Continued)

This Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid within any one fiscal year.

This 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 a exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2018, the District incurred premiums or contribution expenditures totaling \$397,989.

This Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended December 31, 2017, revealed that the Plan was fully funded.

2. Plan II

The District incurs costs related to the Rochester Area School Health Plan II sponsored by the Board of Cooperative Educational services, Second Supervisory District of Monroe and Orleans Counties (Monroe 2-Orleans BOCES). The Plan was established as a Municipal Cooperative under the authorization of Article 5-G of the General Municipal Law in 2004. The plan received a Certificate of Authority to operate as a self-funded plan under Article 47 of the New York State Insurance Law, effective January 1, 2018.

Membership in the Plan may be offered to any component school district of the Monroe 1 BOCES and Monroe 2-Orleans BOCES within the geographical boundaries of Monroe County, New York provided that the applicant provides proof of its financial responsibility that is satisfactory to the Board of Directors in its sole discretion, and the applicant is the same type of municipal corporation as the initial Participants. The Plan has full participation from all eligible participants including the two BOCES and seventeen component school districts.

A participant has the right to withdraw from the Plan, but such withdrawal shall be effective only on January 1 of the next Plan Year following the Plan Year in which the Participant provides notice. Any withdrawing Participant shall be responsible for its pro rata share of any Plan Deficit, and shall satisfy any other obligation relating to the Participant's membership in the Plan. The withdrawing Participant shall not be entitled to share in any Plan surplus.

The Plan is a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. The annual premium equivalent for each coverage option under the Plan is established and approved by a majority of the entire Board of Directors. Each participant is required to contribute to the Plan an amount equal to the Premium Equivalent applicable to the coverage options, under which the Participants Enrollees are covered. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors.

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. Such claims estimates are based on the ultimate cost of claims that have been reported but not settled, and claims that have been incurred but not reported.

(XII.) (Continued)

The Plan is audited on an annual basis and is available at the Monroe 2-Orleans BOCES administrative offices. The Plan has not been audited as this is the first full year of operation as an Article 47 Health Trust, however, unaudited financial statements indicates the Plan is funded as of June 30, 2018. An annual audit of the December 31, 2018 financial statements will take place in early 2019.

During the year ended June 30, 2018, the District incurred premiums or contribution expenditures totaling \$10,623,209

C. Workers' Compensation

The District incurs costs related to the Rochester Area School Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Director. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

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

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

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

Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2018, the District incurred premiums or contribution expenditures totaling \$372,114.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2017, revealed that the Plan was underfunded.

(XII.) (Continued)

D. Major Medical

The District self insures for major medical coverage for its employees. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. They have also purchased stop-loss insurance for any major medical claims which exceed 125% of expected total claims or approximately \$237,648 as of June 30, 2018. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic social factors.

A reconciliation of the claims recorded for 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Beginning liabilities	\$ 1,135,037	\$ 1,136,706
Incurred claims	237,648	384,735
Claims payments	(237,648)	(386,404)
Ending liabilities	<u>\$ 1,135,037</u>	<u>\$ 1,135,037</u>

The following statistical information is presented:

<u>Year</u>	<u>Contribution</u> <u>Revenue</u>	<u>Actual Claim</u> <u>Expense</u>
2018	\$ 237,648	\$ 237,648
2017	\$ 384,735	\$ 386,404
2016	\$ 395,572	\$ 395,572
2015	\$ 316,844	\$ 316,844
2014	\$ 387,914	\$ 387,914
2013	\$ 594,908	\$ 441,209
2012	\$ 687,795	\$ 513,180
2011	\$ 507,647	\$ 585,012
2010	\$ 739,668	\$ 525,832
2009	\$ 778,282	\$ 704,025

E. Dental Coverage

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

A reconciliation of the claims recorded for 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Beginning liabilities	\$ 766,296	\$ 746,296
Incurred claims	691,572	679,297
Claims payments	(691,572)	(659,297)
Ending liabilities	<u>\$ 766,296</u>	<u>\$ 766,296</u>

(XII.) (Continued)

The following statistical information is presented:

<u>Year</u>	<u>Contribution</u>	<u>Actual Claim</u>
	<u>Revenue</u>	<u>Expense</u>
2018	\$ 691,572	\$ 691,572
2017	\$ 679,297	\$ 659,297
2016	\$ 741,171	\$ 680,263
2015	\$ 726,561	\$ 616,179
2014	\$ 709,175	\$ 662,270
2013	\$ 705,225	\$ 602,010
2012	\$ 702,456	\$ 621,385
2011	\$ 501,720	\$ 590,848
2010	\$ 698,367	\$ 667,037
2009	\$ 663,643	\$ 608,522

F. Medical Reimbursement Plan

The District has established a Medical Reimbursement Plan for any employee group whose eligibility may be designated by the Board of Education. The sole purpose of the Plan is to provide employees with certain health care and medical expense benefits in addition to the basic hospital coverage.

The Plan stipulates the specific employer contributions to be made annually for each eligible employee. The total cost to the District for this Plan was \$150,826 and the claims paid during 2017-18 totaled \$133,647.

As of June 30, 2018 the accumulated balance of the Plan recorded in the Trust and Agency Fund which was available for benefits totaled \$364,574.

G. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2017-18 fiscal year totaled \$750. The balance of the fund at June 30, 2018 was \$452,861 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2018, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XIII. Commitments and Contingencies

A. Litigation

The District has several pending claims filed as of the audit date relating to tax certiorari claims. The financial outcome cannot be determined at this time.

(XIII.) (Continued)

B. Grants

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

XIV. Lease Obligations (Operating Leases)

The District has entered into several lease agreements covering several buildings within the District as follows:

			2017-18
<u>Leased To</u>	<u>Building</u>	<u>Terms</u>	<u>Rent Collected</u>
BOCES #1	Twelve Corners Elementary School	9/17-6/18	\$ 30,000
Town of Brighton	Use of Pool	9/17-6/18	48,850
Town of Brighton	Brookside	11/14-10/18	181,549
Monroe County School Boards	Brookside	7/17-6/18	14,208
The Montessori School of Rochester	Brookside (5 Classrooms)	7/14-6/18	102,443
Verizon	BHS-Cell Tower	7/17-6/18	8,819
Brighton Volunteer Ambulance	Brookside	11/17-6/18	8,731
YMCA of Rochester	Brookside	9/17-6/18	10,472
AT&T	BHS Cell Tower	7/17-6/18	15,201
Total			<u>\$ 420,273</u>

XV. Tax Abatement

The County of Monroe IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result the District property tax revenue was reduced \$612,327. The District received payment in lieu of tax (PILOT) payment totaling \$401,963 to help offset the property tax reduction.

Required Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Changes in District's Total OPEB Liability and Related Ratio
(Unaudited)
For Year Ended June 30, 2018

TOTAL OPEB LIABILITY	
	<u>2018</u>
Service cost	\$ 5,312,185
Interest	6,114,266
Changes in benefit terms	(916,963)
Differences between expected and actual experiences	9,300,912
Changes of assumptions or other inputs	5,432,484
Benefit payments	<u>(4,167,142)</u>
Net Change in Total OPEB Liability	\$ 21,075,742
Total OPEB Liability - Beginning (restated)	<u>\$ 159,756,699</u>
Total OPEB Liability - Ending	<u><u>\$ 180,832,441</u></u>
Covered Employee Payroll	\$ 32,786,392
Total OPEB Liability as a Percentage of Covered Employee Payroll	551.55%

10 years of historical information is not available and will be reported each year going forward

Required Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability
(Unaudited)
For Year Ended June 30, 2018

NYSERS Pension Plan				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0191%	0.0168%	0.0181%	0.0183%
Proportionate share of the net pension liability (assets)	\$ 615,239	\$ 1,576,965	\$ 2,910,342	\$ 619,253
Covered-employee payroll	\$ 5,577,220	\$ 5,094,405	\$ 4,912,620	\$ 5,082,753
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	11.031%	30.955%	59.242%	12.183%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%

NYSTRS Pension Plan				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.1726%	0.1758%	0.1759%	0.1726%
Proportionate share of the net pension liability (assets)	\$ (1,311,989)	\$ 1,882,362	\$ (18,274,506)	\$ (19,222,322)
Covered-employee payroll	\$ 28,888,981	\$ 28,051,052	\$ 27,615,452	\$ 26,952,289
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-4.541%	6.710%	-66.175%	-71.320%
Plan fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.46%	111.48%

10 years of historical information is not available and will be reported each year going forward

Required Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District Contributions
(Unaudited)
For Year Ended June 30, 2018

NYSERS Pension Plan				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 817,804	\$ 755,440	\$ 844,278	\$ 978,266
Contributions in relation to the contractually required contribution	<u>(817,804)</u>	<u>(755,440)</u>	<u>(844,278)</u>	<u>(978,266)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 5,577,220	\$ 5,094,405	\$ 4,912,620	\$ 5,082,753
Contributions as a percentage of covered-employee payroll	14.66%	14.83%	17.19%	19.25%

NYSTRS Pension Plan				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 3,024,175	\$ 3,457,891	\$ 3,756,646	\$ 4,724,736
Contributions in relation to the contractually required contribution	<u>(3,024,175)</u>	<u>(3,457,891)</u>	<u>(3,756,646)</u>	<u>(4,724,736)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 28,888,981	\$ 28,051,052	\$ 27,615,452	\$ 26,952,289
Contributions as a percentage of covered-employee payroll	10.47%	12.33%	13.60%	17.53%

10 years of historical information is not available and will be reported each year going forward

Required Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
(Unaudited)
For Year Ended June 30, 2018

	Original	Amended	Current	Over (Under)
	<u>Budget</u>	<u>Budget</u>	<u>Year's</u>	<u>Revised</u>
			<u>Revenues</u>	<u>Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 51,069,907	\$ 46,147,078	\$ 46,159,976	\$ 12,898
Real property tax items	305,284	5,228,113	5,324,792	96,679
Non-property taxes	3,104,429	3,104,429	3,403,903	299,474
Charges for services	1,730,789	1,730,789	1,811,429	80,640
Use of money and property	353,727	353,727	429,776	76,049
Sale of property and compensation for loss	-	-	24,777	24,777
Miscellaneous	608,778	608,778	672,275	63,497
State Sources -				
Basic formula	13,306,371	13,306,371	9,317,815	(3,988,556)
Lottery aid	-	-	4,197,513	4,197,513
BOCES	1,578,405	1,578,405	1,689,471	111,066
Textbooks	228,340	228,340	157,246	(71,094)
All Other Aid -				
Computer software	175,315	175,315	116,894	(58,421)
Library loan	35,606	35,606	35,643	37
Handicapped students	40,000	40,000	131,782	91,782
Other aid	-	-	8,000	8,000
Federal Sources	90,000	90,000	41,653	(48,347)
TOTAL REVENUES	\$ 72,626,951	\$ 72,626,951	\$ 73,522,945	\$ 895,994
Appropriated reserves	<u>\$ 856,000</u>	<u>\$ 2,981,000</u>		
Appropriated fund balance	<u>\$ 2,600,000</u>	<u>\$ 2,600,000</u>		
Prior year encumbrances	<u>\$ 704,000</u>	<u>\$ 704,000</u>		
TOTAL REVENUES AND				
APPROPRIATED RESERVES/				
FUND BALANCE	<u>\$ 76,786,951</u>	<u>\$ 78,911,951</u>		

Required Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
(Unaudited)
For Year Ended June 30, 2018

	Original Budget	Amended Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
EXPENDITURES					
General Support -					
Board of education	\$ 81,750	\$ 75,750	\$ 71,166	\$ 500	\$ 4,084
Central administration	278,992	295,692	293,472	328	1,892
Finance	1,126,975	1,024,951	892,041	111,276	21,634
Staff	466,931	436,412	379,185	-	57,227
Central services	4,825,906	4,875,323	3,670,206	162,888	1,042,229
Special items	976,232	989,952	950,071	5,850	34,031
Instructional -					
Instruction, administration and improvement	2,981,825	2,971,447	2,760,174	65,894	145,379
Teaching - regular school	21,643,515	21,378,850	20,739,923	37,439	601,488
Programs for children with handicapping conditions	10,948,457	9,910,609	8,862,764	572	1,047,273
Occupational education	648,049	657,390	656,516	-	874
Teaching - special schools	6,000	6,135	1,331	-	4,804
Instructional media	1,736,767	2,605,675	2,285,281	181,982	138,412
Pupil services	3,975,561	4,127,937	3,875,349	3,555	249,033
Pupil Transportation	3,989,575	4,134,096	3,731,124	155,327	247,645
Community Services	2,000	2,000	-	-	2,000
Employee Benefits	21,383,954	21,150,458	19,196,008	118,006	1,836,444
Debt service - principal	840,000	833,001	830,000	-	3,001
Debt service - interest	229,462	229,463	229,463	-	-
TOTAL EXPENDITURES	<u>\$ 76,141,951</u>	<u>\$ 75,705,141</u>	<u>\$ 69,424,074</u>	<u>\$ 843,617</u>	<u>\$ 5,437,450</u>
Other Uses -					
Transfers - out	\$ 645,000	\$ 3,206,810	\$ 3,067,105	\$ -	\$ 139,705
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 76,786,951</u>	<u>\$ 78,911,951</u>	<u>\$ 72,491,179</u>	<u>\$ 843,617</u>	<u>\$ 5,577,155</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES					
	\$ -	\$ -	\$ 1,031,766		
FUND BALANCE, BEGINNING OF YEAR	<u>23,530,782</u>	<u>23,530,782</u>	<u>23,530,782</u>		
FUND BALANCE, END OF YEAR	<u>\$ 23,530,782</u>	<u>\$ 23,530,782</u>	<u>\$ 24,562,548</u>		

Note to Required Supplementary Information:

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

Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Change From Adopted Budget To Final Budget
And The Real Property Tax Limit
For Year Ended June 30, 2018

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget	\$ 76,082,951
Prior year's encumbrances	<u>704,000</u>
Original Budget	\$ 76,786,951
Budget revisions -	
Voter approved appropriation from capital reserve	1,500,000
Voter approved technology purchase from capital reserve	500,000
Voter approved bus purchase from capital reserve	<u>125,000</u>
FINAL BUDGET	<u><u>\$ 78,911,951</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2018-19 voter approved expenditure budget	\$ 78,330,553
<u>Unrestricted fund balance:</u>	
Assigned fund balance	\$ 3,443,617
Unassigned fund balance	<u>3,133,222</u>
Total Unrestricted fund balance	<u>\$ 6,576,839</u>
<u>Less adjustments:</u>	
Appropriated fund balance	\$ 2,600,000
Encumbrances included in assigned fund balance	<u>843,617</u>
Total adjustments	<u>\$ 3,443,617</u>
General fund fund balance subject to Section 1318 of	
Real Property Tax Law	<u>3,133,222</u>
ACTUAL PERCENTAGE	<u><u>4.00%</u></u>

Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
CAPITAL PROJECTS FUND
Schedule of Project Expenditures
For Year Ended June 30, 2018

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Expenditures</u>			<u>Unexpended Balance</u>	<u>Methods of Financing</u>		<u>Fund Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>		<u>Local Sources</u>	<u>Total</u>	
2011-12 Capital Improvement	\$ 1,416,000	\$ 1,906,000	\$ 1,888,087	\$ -	\$ 1,888,087	\$ 17,913	\$ 1,909,532	\$ 1,909,532	\$ 21,445
2012-13 Capital Improvement	1,400,000	1,300,000	1,094,778	-	1,094,778	205,222	1,300,000	1,300,000	205,222
2013-14 Capital Improvement	1,400,000	1,400,000	610,184	-	610,184	789,816	1,401,100	1,401,100	790,916
2014-15 Capital Improvement	1,500,000	1,800,000	1,772,576	-	1,772,576	27,424	1,800,400	1,800,400	27,824
2015-16 Capital Improvement	1,400,000	1,400,000	170,200	574,189	744,389	655,611	1,400,000	1,400,000	655,611
2015-16 Emergency Project	30,000	40,000	36,468	-	36,468	3,532	36,468	36,468	-
2016-17 Capital Improvement	1,500,000	1,500,000	101,177	163,471	264,648	1,235,352	1,500,000	1,500,000	1,235,352
2016-17 Emergency PA System	75,000	75,000	-	950	950	74,050	75,000	75,000	74,050
2017-18 Brighton Facility Improvement Plan	64,931,500	64,931,500	-	3,719,309	3,719,309	61,212,191	6,570,022	6,570,022	2,850,713
2017-18 Solar Project	65,000	65,000	-	34,238	34,238	30,762	65,000	65,000	30,762
2018-19 Capital Improvement	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
TOTAL	<u>\$ 75,217,500</u>	<u>\$ 75,917,500</u>	<u>\$ 5,673,470</u>	<u>\$ 4,492,157</u>	<u>\$ 10,165,627</u>	<u>\$ 65,751,873</u>	<u>\$ 17,557,522</u>	<u>\$ 17,557,522</u>	<u>\$ 7,391,895</u>

Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Combined Balance Sheet - Nonmajor Governmental Funds
June 30, 2018

	Special			Total
	Revenue Funds			Nonmajor
	Special	School	Debt	Governmental
	Aid	Lunch	Service	Funds
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	
ASSETS				
Cash and cash equivalents	\$ 10,226	\$ 122,599	\$ 404,210	\$ 537,035
Receivables	642,090	25,837	-	667,927
Inventories	-	13,567	-	13,567
TOTAL ASSETS	<u>\$ 652,316</u>	<u>\$ 162,003</u>	<u>\$ 404,210</u>	<u>\$ 1,218,529</u>
LIABILITIES AND FUND BALANCES				
<u>Liabilities</u> -				
Accrued liabilities	\$ 23,456	\$ -	\$ -	\$ 23,456
Due to other funds	315,481	18,134	-	333,615
Due to other governments	-	441	-	441
Unearned revenue	270,437	42,603	-	313,040
TOTAL LIABILITIES	<u>\$ 609,374</u>	<u>\$ 61,178</u>	<u>\$ -</u>	<u>\$ 670,552</u>
<u>Fund Balances</u> -				
Nonspendable	\$ -	\$ 13,567	\$ -	\$ 13,567
Restricted	-	-	404,210	404,210
Assigned	59,276	87,258	-	146,534
Unassigned	(16,334)	-	-	(16,334)
TOTAL FUND BALANCE	<u>\$ 42,942</u>	<u>\$ 100,825</u>	<u>\$ 404,210</u>	<u>\$ 547,977</u>
TOTAL LIABILITIES AND				
FUND BALANCES	<u>\$ 652,316</u>	<u>\$ 162,003</u>	<u>\$ 404,210</u>	<u>\$ 1,218,529</u>

Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Combined Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For Year Ended June 30, 2018

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Special Aid Fund	School Lunch Fund	Debt Service Fund	
REVENUES				
Use of money and property	\$ -	\$ -	\$ 604	\$ 604
Miscellaneous	356,777	56	-	356,833
State sources	649,829	13,130	-	662,959
Federal sources	1,190,237	344,408	-	1,534,645
Sales	-	669,872	-	669,872
TOTAL REVENUES	\$ 2,196,843	\$ 1,027,466	\$ 604	\$ 3,224,913
EXPENDITURES				
Instruction	\$ 2,124,905	\$ -	\$ -	\$ 2,124,905
Pupil transportation	146,071	-	-	146,071
Employee benefits	84,361	203,405	-	287,766
Cost of sales	-	417,226	-	417,226
Other expenses	-	386,175	-	386,175
TOTAL EXPENDITURES	\$ 2,355,337	\$ 1,006,806	\$ -	\$ 3,362,143
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (158,494)	\$ 20,660	\$ 604	\$ (137,230)
OTHER FINANCING SOURCES (USES)				
Transfers - in	\$ 146,585	\$ 1,433	\$ -	\$ 148,018
TOTAL OTHER FINANCING SOURCES (USES)	\$ 146,585	\$ 1,433	\$ -	\$ 148,018
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ (11,909)	\$ 22,093	\$ 604	\$ 10,788
FUND BALANCE, BEGINNING OF YEAR	54,851	78,732	403,606	537,189
FUND BALANCE, END OF YEAR	\$ 42,942	\$ 100,825	\$ 404,210	\$ 547,977

Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
For Year Ended June 30, 2018

Capital assets, net		\$ 58,531,270
Deduct:		
Short-term portion of bonds payable	\$ 855,000	
Long-term portion of bonds payable	<u>3,575,000</u>	
		<u>4,430,000</u>
Net Investment in Capital Assets		<u><u>\$ 54,101,270</u></u>

Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2018

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>CFDA</u> <u>Number</u>	<u>Grantor</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-18-0355	\$ 892,823
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-18-0355	14,253
<i>Total Special Education Cluster IDEA</i>				<u>\$ 907,076</u>
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-17-1330	69,109
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-18-1330	20,603
Title IIIA - LEP	84.365	N/A	0293-17-1330	20
Title IIIA - LEP	84.365	N/A	0293-18-1330	15,591
Title IIIA - Immigrant Education	84.365	N/A	0149-18-1330	1,176
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-17-1330	20,803
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-18-1330	155,859
Total U.S. Department of Education				<u>\$ 1,190,237</u>
<u>U.S. Department of Agriculture:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Child Nutrition Cluster -</u>				
National School Lunch Program	10.555	N/A	005539	\$ 270,579
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	005539	64,964
National School Breakfast Program	10.553	N/A	005539	8,865
<i>Total Child Nutrition Cluster</i>				<u>\$ 344,408</u>
Total U.S. Department of Agriculture				<u>\$ 344,408</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 1,534,645</u>

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brighton Central School District, New York, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Brighton Central School District, New York's basic financial statements, and have issued our report thereon dated September 20, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Raymond F. Wager, CPA, PC

Rochester, New York
September 20, 2018