

**AUDITED  
BASIC FINANCIAL STATEMENTS**

**WEST IRONDEQUOIT CENTRAL SCHOOL  
DISTRICT**

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**JUNE 30, 2017**

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**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

The President and Members of the  
Board of Education of  
West Irondequoit Central School District  
Rochester, New York

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

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

## **Emphasis of Matter**

As stated in Note 1, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information, as listed in the table of contents, 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 District's basic financial statements. The supplementary information, as listed in the table of contents; and the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents; and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 supplementary information, as listed in the table of contents; and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2017 on our consideration of the District'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 the District's internal control over financial reporting and compliance.

*Freed Maxick CPAs, P.C.*

Batavia, New York  
October 5, 2017

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**Management's Discussion and Analysis  
West Irondequoit Central School District  
Fiscal Year ended June 30, 2017**

This section of West Irondequoit Central School District's (the District) annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**Financial Highlights**

The net position of the District increase \$2,276,156 to \$5,809,478. The net position of the District include all of the governmental funds and the value of the District's land, buildings, and equipment (net of accumulated depreciation). At June 30, 2017 unrestricted net position was \$(76,616,232). Other components of net position were net investment in capital assets of \$54,678,322, net position restricted for capital projects of \$7,865,058, restricted for worker's compensation of \$389,326, restricted for unemployment insurance of \$303,324, restricted for pension liability for \$6,343,701 and restricted for tax certiorari for \$1,227,023.

Other issues of significance for the fiscal year ended June 30, 2017 included:

- The General Fund's (the primary operating fund) fund balance increased by \$3,515,698.
- The governmental activities revenues increased by approximately \$3,783,000 (or 5.35%). The total cost of all the District's activities increased by approximately \$7,626,000 (or 11.82%).
- In 2016 the results of activities produced an increased in net position of \$6,119,099 while in 2017 the net position increased by \$2,276,156.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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 District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**

***Organization of West Irondequoit Central School District's Annual Financial Report***

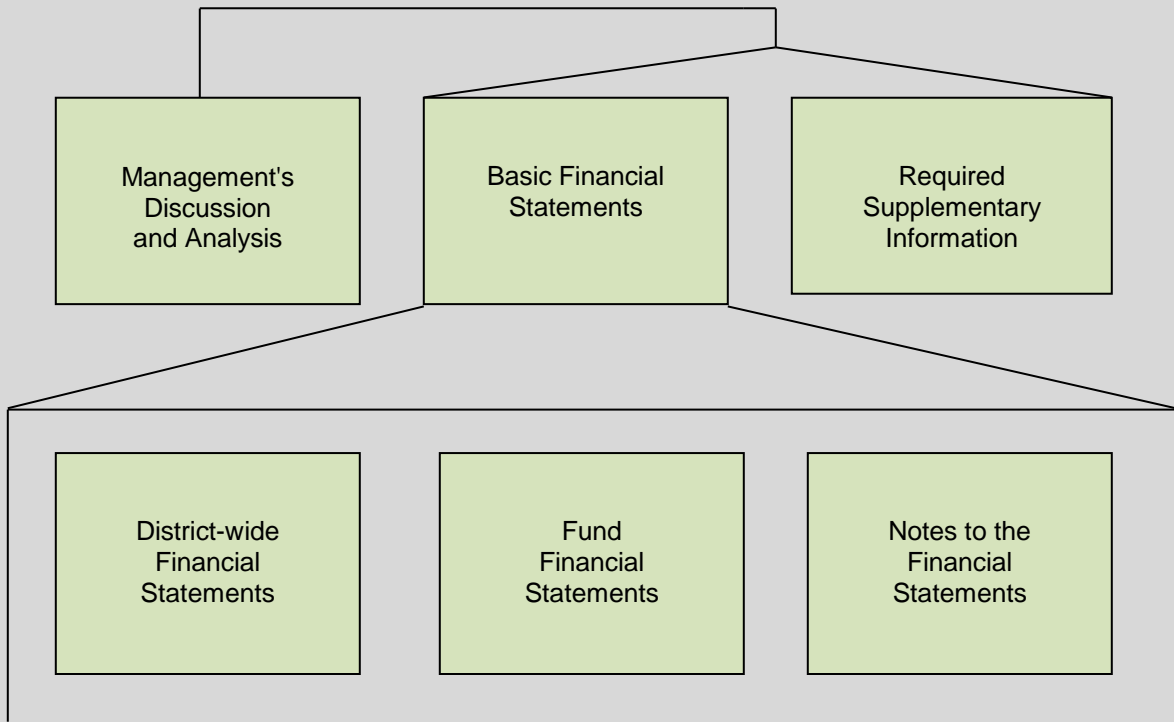


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-2**

**Major Features of the District-wide and Fund Financial Statements**

		Fund Financial Statements	
	District-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District (except Fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position – Fiduciary Funds</li> <li>• Statement of Changes in Net Position – Fiduciary Fund</li> </ul>
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, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and long-term	Generally assets and deferred outflows expected to be used up and liabilities and deferred inflows, that come due during the year or soon thereafter; generally 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/out-flow information	All revenues and expenditures 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

**District-wide Statements**

The district-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 of the District's assets and liabilities. All of the current year's revenues and expenditures are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

### **Fund Financial Statements**

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

- Some funds are required by state law.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information reported on the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position explains the relationship (or differences) between them.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. 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 these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

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

Overall, the District's financial picture remains positive. Due to the volatility of state aid, the District responsibly took a conservative approach to its budgeting. Fortunately, this resulted in favorable budget variances for both revenues and expenditures.

Also, the District monitored the budget tirelessly and attempted to reduce controllable expenses. Keeping an eye on the future, the District also positioned itself to “weather” a continuation of conservative economics through providing funds to offset future tax increases related to future capital expenditures. In addition, the District funds an Employees’ Retirement Reserve from available fund balance to utilize in 2017-18 to pay a portion of the required ERS contributions and thereby making additional funds available to pay for full-day kindergarten personnel costs which began in 2016-17. Finally, as the District has continued to maximize staffing efficiency resulting in limiting personnel costs increases through retirement breakage.

Areas of expense over which the District has little control will most likely dictate the future of this District’s budget. Retirement costs and other employee benefits are likely to increase disproportionately, requiring added revenues or reduction in appropriations in other areas. However by maintaining membership in the local health care consortium, the District has been successful in minimizing annual health insurance increases over the long-term, although there was an above average increase in health premiums in 2016-17. A significant portion of the premium increase was tied to Federal taxes associated with the Affordable Care Act (ACA).

Figure A-3

*Condensed Statement of Net Position  
(in thousands of dollars)*

	Governmental Activities and Total District		Total Percentage Change
	2017	2016	2016-2017
Current and other assets	\$ 31,101	\$ 29,668	4.83%
Capital assets not being depreciated	2,485	9,109	-72.72%
Capital assets, net of accumulated depreciation	72,125	66,243	8.88%
TRS pension asset	-	15,850	-100.00%
Total assets	<u>105,711</u>	<u>120,870</u>	<u>-12.54%</u>
Deferred outflow of resources - Pension	17,626	6,365	176.92%
Deferred outflow of resources - OPEB	12,539	-	100.00%
	<u>30,165</u>	<u>6,365</u>	<u>373.92%</u>
Other liabilities	5,811	6,523	-10.92%
Long-term liabilities	128,280	38,955	229.30%
Total liabilities	<u>134,091</u>	<u>45,478</u>	<u>194.85%</u>
Deferred inflow of resources - Pension	1,052	5,885	-82.12%
Deferred outflow of resources - OPEB	6,543	-	100.00%
	<u>7,595</u>	<u>5,885</u>	<u>29.06%</u>
Net investment in capital assets	54,678	51,377	6.43%
Restricted for:			
Capital projects	7,865	3,559	120.99%
Workers' compensation	389	481	100.00%
Retirement reserve	6,344	6,337	0.11%
Tax certiorari	1,227	2,179	-43.69%
Unemployment insurance	304	460	-33.91%
Unrestricted (deficit)	(76,616)	11,479	767.44%
Total net position	<u>\$ (5,809)</u>	<u>\$ 75,872</u>	<u>-107.66%</u>



Figure A-4

*Changes in Net Position  
(in thousands of dollars)*

	Governmental Activities and Total District		Total Percentage Change
	2017	2016	2016-2017
<b>Revenues:</b>			
Real property taxes	\$ 37,686	\$ 37,390	0.79%
Real property tax items	231	226	2.21%
Non-property taxes	3,219	3,169	1.58%
Charges for services	232	178	30.34%
Use of money and property	240	251	-4.38%
Sale of property and compensation for loss	67	267	-74.91%
Other miscellaneous revenues	1,281	1,045	22.58%
State and federal aid	30,881	27,526	12.19%
School lunch	598	600	-0.33%
Total revenues	<u>74,435</u>	<u>70,652</u>	<u>5.35%</u>
<b>Expenses:</b>			
General support	11,396	10,456	8.99%
Instruction	53,482	46,815	14.24%
Pupil transportation	2,628	2,534	3.71%
Debt service	916	958	-4.38%
School lunch	1,235	1,173	5.29%
Culture and recreation	52	-	
Depreciation	2,450	2,147	14.11%
Transfer to Foundation	-	450	100.00%
Total expenses	<u>72,159</u>	<u>64,533</u>	<u>11.82%</u>
Changes in net position	<u>\$ 2,276</u>	<u>\$ 6,119</u>	<u>-62.80%</u>

## Governmental Activities

This section presents the cost of six major District activities: general support, instruction, pupil transportation, debt service and school lunch. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

The total cost and net cost of services related to debt service in 2016/17 continues to decrease steadily from 2015/16 due to benefits of prior refinancing of existing debt thereby lowering the debt service payment. Cost increases in the area of transportation via contractual bus service tied to CPI helped maintain moderate cost increases; in addition, the consolidation of some bussing services with a neighboring district. This resulted in an continued cost control of contractual transportation costs. However some of these cost containment measures were off-set by additional services required for students with disabilities and the purchase of fuel by the District (per recent RFP). There was a marked increase in the cost of instruction. Beyond those costs increases tied to contractual agreements, 2016-17 also marked the beginning of full-day kindergarten in the District. Costs associated with the requisite hiring of teachers and support staff in order to successfully implement the programatic change also contributed to the increase in net costs of services in the area of instruction and general support.

Figure A-5

### Net Cost of Governmental Activities (in thousands of dollars)

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2017	2016	2016-2017	2017	2016	2016-2017
General support	\$ 11,396	\$ 10,456	8.99%	\$ 11,164	\$ 10,280	8.60%
Instruction	53,482	46,815	14.24%	31,108	26,852	15.85%
Pupil transportation	2,628	2,534	3.71%	964	918	5.01%
Interest	916	958	-4.38%	916	959	-4.48%
School lunch	1,235	1,173	5.29%	33	26	26.92%
Culture and recreation	52	-	100.00%	52	-	100.00%
Depreciation	2,450	2,147	14.11%	2,450	2,147	14.11%
Transfer to Foundation	-	450	-100.00%	-	450	-100.00%
<b>Total</b>	<b>\$ 72,159</b>	<b>\$ 64,533</b>	<b>11.82%</b>	<b>\$ 46,687</b>	<b>\$ 41,632</b>	<b>12.14%</b>

## Financial Analysis of The District's Funds

### General Fund

Expenditures exceeded revenues in the General Fund, resulting in a increase of fund balance of \$3,515,698 for the year ended June 30, 2017.

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

- Revenue
  - Nonproperty tax – The slowly recovering economy resulting in greater sales tax revenue than was anticipated.
  - Urban-suburban state aid – Although not part of the state aid runs used in revenue projections for the year, the District's continued participation provides significant revenue to assist with the overall program.

- Full-Day Kindergarten Transition Aid – NYS provides one-year of revenue for conversion to full-day kindergarten. As this money is a one year source, the District budgeted for only half of the amount in order to extend the monies for a second year and reduce the impact of the revenue drop-off.
- Expenditures
  - Central Services – Another unusually mild winter resulted in decreased energy use and also resulted in less stress on our HVAC units. Funds were budgeted for potential HVAC unit replacement and were not needed in 2017.
  - Curriculum, Instruction and Inservice – Tighter budget controls, and maximization of grants that were reported in the special aid fund.
  - Contracted Transportation – The District continues to control costs through increases tied to a low CPI.
  - Employee Benefits – By participating in a county-wide health and workers compensation consortiums, the District continues to keep cost increases well below the “community” average.

### **School Lunch Fund**

The issue of net cost related to school lunch is related to approved state and federal aid, SED approved contract renewal percentages, menu pricing and student participation. Operations of the school lunch program for 2016/17 year ended with a small deficit of \$2,803. Nearly achieving a break-even level represents a focus over several years to eliminate an annual operating deficit in the fund that had occurred repeatedly. As a result of the focus a small fund balance exists from the previous two years. The two largest challenges this fund faces are changes in the federal rules governing the food being served to students thus impacting sales and therefore revenue as well as continued state required wage increase which impacts salary expenses. Our goal is to maintain this break-even position moving forward.

### **Capital Projects Fund**

The capital fund remained active during 2016/17. With the approval of the “Promise Project” the District accessed approximately \$3.1 million dollars from the approved \$8.7 million dollars of capital reserve monies. In addition, in 2015/16 the District borrowed \$5.6 million dollars through serial bonds to be used towards the Promise Project. The primary expenses were directed toward classroom additions at five of the six K-3 buildings and interior renovations at the sixth. This project was completed in the summer of 2016.

### **General Fund Budgetary Highlights**

A conservative approach to the budget process was again taken for the 2016/17 school year due to the volatility of the economy and the uncertainty of state aid revenue due to cut backs to reduce the NYS deficit. Cautious budget administration continued to be practiced to protect against revenue cuts by pulling back on certain expenditures and programs. Actual state aid was greater than the budgeted amount by approximately \$1.2 million mainly due the additional of Urban/Suburban Aid not included in the state aid projections as well as the budgeting of one-half of the anticipated transition kindergarten aid.

In addition, due to close and conservative monitoring of controllable expenses the District had the ability to control its reliance of reserve funds and fund balance. Although fund balance use was budgeted for the 2016/17 school year, it was not utilized as revenue through control of the expenditure portion of the budget. The District recognizes the need to continue to maintain minimal reduction in the reserves and reliance of fund balance as a revenue source and is looking to achieve a “steady-state” so that the change in fund balance in any fiscal year is approximately zero. By extending the “life” of these reserves the available reserves will assist with budgeting in future years and will assist in reducing the local share and providing taxpayer relief.

**Figure A-6**

**Revenues, Expenditures and Changes in Fund Balances - Governmental Major Funds  
(in thousands of dollars)**

	2017		Fund Balances
	Revenues	Expenditures	
General Fund	\$ 70,890	\$ 67,374	\$ 23,784
Special Aid Fund	2,433	2,263	673
	2016		
	Revenues	Expenditures	Fund Balances
General Fund	\$ 67,261	\$ 64,745	\$ 20,268
Special Aid Fund	2,311	2,814	503

**Capital Asset and Debt Administration**

There is a capital project in progress, "Promise Project" which has added to capital assets but there is an overall decrease in the valuation of the assets due to normal depreciation. Financing for the various completed projects continues to be paid through debt service with the consolidation of the debts ending in June 2027.

**Figure A-7**

**Capital Assets Net of Depreciation  
(in thousands of dollars)**

	Governmental Activities and Total District		Percentage Change
	2017	2016	2016-2017
Land	\$ 2,485	\$ 2,485	0.00%
Construction in process	-	6,624	-100.00%
Buildings and improvements	71,601	65,674	9.02%
Vehicles and equipment	524	569	-7.91%
Total	<u>\$ 74,610</u>	<u>\$ 75,352</u>	<u>-0.98%</u>

## Long-Term Debt

In 2009, the District implemented the provisions of GASB Statement No. 45 *Accounting and Reporting by Employers for Post Employment Benefits Other than Pensions*. GASB Statement No. 45 required the recording of a liability for current and future retirees and their spouses for post employment health insurance. A portion of that liability related to past service costs was being amortized over 30 years. As of June 30, 2017, the most recent actuarial valuation, the total actuarial accrued liability for post-employment benefits was \$105 million dollars.

**Figure A-8**

**Outstanding Long-Term Debt**  
(in thousands of dollars)

	Governmental Activities and Total District		Percentage Change
	2017	2016	2016-2017
Serial bonds payable	\$ 19,932	\$ 24,092	-17.27%
Post employment benefits	104,917	11,669	799.11%
Pensions	3,431	3,194	7.42%
	<u>\$ 128,280</u>	<u>\$ 38,955</u>	<u>229.30%</u>

### Factors Bearing on the District's Future

- Challenges posed to local sources of revenue due to the continuation of the property tax cap. Due to the small growth of the economy and assessed property values in the District, the District continues to be limited in the amount of revenue it can generate locally.
- Impact on the tax rate due to the continued reduction of taxable assessments. Although the District continues to control costs to maintain one of the lowest per pupil, expenditure rates in the County, the tax rate remains high due to the lack of assessment growth in the Town.
- Use of reserves as a revenue to bridge the gap in state aid remains an important part of future budgeting strategies. The amount of available money in the reserves was increased in preparation for its use to partially offset the expenses associated with full-day kindergarten in 2016-17. The amount used will be closely monitored in order to ensure this strategy is sustainable.
- Continued addition of unfunded federal and state mandates.
- Continued increases in health care costs and retirement contributions well in excess of inflation.

### Contacting the District's Financial Management

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

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**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

**ASSETS**

Cash and cash equivalents	\$ 27,015,070
Accounts receivable	46,966
State and federal aid receivable	1,062,921
Due from other governments	2,057,649
Inventory	42,691
Prepays	876,120
Capital assets not being depreciated	2,484,678
Capital assets, net of accumulated depreciation	<u>72,125,239</u>
 Total assets	 <u>105,711,334</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred pension outflows	17,625,515
Deferred postemployment outflows	<u>12,539,276</u>
 Total deferred outflows of resources	 <u>30,164,791</u>

**LIABILITIES**

Accounts payable	434,882
Accrued liabilities	770,660
Accrued interest payable	34,954
Due to retirement systems	3,521,995
Due to other governments	1,014
Due to fiduciary funds	942,671
Unearned revenue	104,761
Long-term liabilities:	
Due and payable within one year	4,225,873
Due and payable after one year:	<u>124,054,277</u>
 Total liabilities	 <u>134,091,087</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred pension inflows	1,051,653
Deferred postemployment inflows	<u>6,542,863</u>
 Total deferred inflows of resources	 <u>7,594,516</u>

**NET POSITION**

Net investment in capital assets	54,678,322
Restricted for:	
Capital projects	7,865,058
Workers' compensation	389,326
Retirement	6,343,701
Tax certiorari	1,227,023
Unemployment insurance	303,324
Unrestricted	<u>(76,616,232)</u>
 Total net position	 <u>\$ (5,809,478)</u>

See notes to basic financial statements.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Indirect Cost Allocation	Program Revenues		Net (Expense) Revenues and Changes in Net Position
			Charges for Services	Operating Grants and Contributions	
Governmental activities					
General support	\$ 9,221,857	\$ 2,173,643	\$ 231,529	\$ -	\$ (11,163,971)
Instruction	36,171,448	17,311,345	-	22,374,789	(31,108,004)
Pupil transportation	2,611,816	16,081	-	1,663,631	(964,266)
Interest	915,825	-	-	-	(915,825)
School lunch	1,235,113	-	598,512	603,847	(32,754)
Culture and recreation	52,255	-	-	-	(52,255)
Unallocated employee benefits	19,501,069	(19,501,069)	-	-	-
Unallocated depreciation	2,450,024	-	-	-	(2,450,024)
Total governmental activities	<u>\$ 72,159,407</u>	<u>\$ -</u>	<u>\$ 830,041</u>	<u>\$ 24,642,267</u>	<u>(46,687,099)</u>
			General revenues:		
			Real property taxes		37,686,414
			Real property tax items		231,906
			Non-property taxes		3,218,814
			Use of money and property		240,156
			Sale of property and compensation for loss		66,652
			State and federal aid not restricted for a specific purpose		6,238,457
			Other miscellaneous revenues		1,280,856
			Total general revenues and transfers		<u>48,963,255</u>
			Change in net position		<u>2,276,156</u>
			Net assets - beginning of year, as previously stated		75,871,609
			Restatement of net position - see note 6		<u>(83,957,243)</u>
			Net assets - beginning of year, as restated		<u>(8,085,634)</u>
			Net assets - end of year		<u>\$ (5,809,478)</u>

See notes to basic financial statements.



**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	<u>General</u>	<u>Special Aid</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 25,350,118	\$ 790,985	\$ 873,967	\$ 27,015,070
Accounts receivable	39,539	6,689	738	46,966
Due from other funds	380,516	-	9	380,525
State and federal aid receivable	722,036	339,400	1,485	1,062,921
Due from other governments	2,057,649	-	-	2,057,649
Inventory	7,949	-	34,742	42,691
Prepaid items	866,836	-	9,284	876,120
	<u>29,424,643</u>	<u>1,137,074</u>	<u>920,225</u>	<u>31,481,942</u>
Total assets	\$ <u>29,424,643</u>	\$ <u>1,137,074</u>	\$ <u>920,225</u>	\$ <u>31,481,942</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 429,387	\$ 5,495	\$ -	\$ 434,882
Accrued liabilities	745,128	11,901	13,631	770,660
Due to other funds	942,671	361,288	19,237	1,323,196
Due to retirement systems	3,514,389	7,606	-	3,521,995
Due to other governments	175	-	839	1,014
Unearned revenue	8,716	77,534	18,511	104,761
	<u>5,640,466</u>	<u>463,824</u>	<u>52,218</u>	<u>6,156,508</u>
Total liabilities	<u>5,640,466</u>	<u>463,824</u>	<u>52,218</u>	<u>6,156,508</u>

See notes to basic financial statements.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**  
**(Continued)**

	<u>General</u>	<u>Special Aid</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>FUND BALANCES</b>				
Nonspendable	874,785	-	44,026	918,811
Restricted	16,128,432	-	-	16,128,432
Assigned	3,901,067	673,250	823,981	5,398,298
Unassigned	2,879,893	-	-	2,879,893
Total fund balances	<u>23,784,177</u>	<u>673,250</u>	<u>868,007</u>	<u>25,325,434</u>
Total liabilities and fund balances	\$ <u>29,424,643</u>	\$ <u>1,137,074</u>	\$ <u>920,225</u>	

Amounts reported for governmental activities in the statement of net position (page 14) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	74,609,917
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Serial bonds payable	(19,820,000)
Premium amortization payable	(111,595)
Net postemployment benefits	(104,917,576)
Net pension liabilities	(3,430,979)
Deferred outflows and inflows are not assets or liabilities of the current period and therefore are not reported in the funds:	
Net postemployment deferred outflows and inflows of resources	5,996,413
Net pension deferred outflows and inflows of resources	16,573,862
Interest is accrued and reported in the district-wide statement of net position but not on the fund basis balance sheet because it is not due and payable in the current period.	<u>(34,954)</u>
Net position of governmental activities	\$ <u><u>(5,809,478)</u></u>

See notes to basic financial statements.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General</u>	<u>Special Aid</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Real property taxes	\$ 37,686,414	\$ -	\$ -	\$ 37,686,414
Real property tax items	231,906	-	-	231,906
Nonproperty taxes	3,218,814	-	-	3,218,814
Charges for services	231,529	-	-	231,529
Use of money and property	239,136	-	1,020	240,156
Sale of property and compensation for loss	66,652	-	-	66,652
Miscellaneous local sources	539,930	711,009	29,917	1,280,856
State sources	28,474,107	459,104	21,794	28,955,005
Federal sources	182,307	1,161,359	582,053	1,925,719
School lunch	-	-	598,512	598,512
Total revenues	<u>70,870,795</u>	<u>2,331,472</u>	<u>1,233,296</u>	<u>74,435,563</u>
<b>EXPENDITURES</b>				
Current:				
General support	9,292,143	-	-	9,292,143
Instruction	34,065,834	1,982,069	-	36,047,903
Pupil transportation	2,460,175	151,641	-	2,611,816
School lunch	-	-	1,235,113	1,235,113
Culture and recreation	52,255	-	-	52,255
Employee benefits	16,213,906	128,663	-	16,342,569
Debt service:				
Principal	4,155,000	-	-	4,155,000
Interest	925,744	-	-	925,744
Capital Outlay:				
General support	-	-	1,405,509	1,405,509
Instruction	-	-	226,615	226,615
Total expenditures	<u>67,165,057</u>	<u>2,262,373</u>	<u>2,867,237</u>	<u>72,294,667</u>

See notes to basic financial statements.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(Continued)**

	<u>General</u>	<u>Special Aid</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficit) of revenues over expenditures	3,705,738	69,099	(1,633,941)	2,140,896
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	19,097	101,287	787,167	907,551
Interfund transfers out	<u>(209,137)</u>	<u>-</u>	<u>(698,414)</u>	<u>(907,551)</u>
Total other financing sources (uses)	<u>(190,040)</u>	<u>101,287</u>	<u>88,753</u>	<u>-</u>
Net change in fund balances	3,515,698	170,386	(1,545,188)	2,140,896
Fund balances - beginning	<u>20,268,479</u>	<u>502,864</u>	<u>2,413,195</u>	<u>23,184,538</u>
Fund balances - ending	<u>\$ 23,784,177</u>	<u>\$ 673,250</u>	<u>\$ 868,007</u>	<u>\$ 25,325,434</u>

See notes to basic financial statements.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

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Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances - total governmental funds (page 19)	\$ 2,140,896
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$2,450,024) exceeded capital outlays (\$1,707,528) in the current period.	(742,496)
The repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position. Additionally, in the statement of activities, certain operating expenses measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of the financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:	
Repayment of serial bonds	4,155,000
Amortization of debt premium in the statement of activities does not use current financial resources and therefore is not reported as an expenditure in the governmental funds.	5,873
Change in proportionate share of net pension liability reported in the statement of net position does not provide for or require the use of current financial resources and therefore is not reported as revenues or expenditures in the governmental funds.	(16,086,587)
Change in proportionate share of net pension deferred inflows and outflows reported in the statement of net position during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems subsequent to the measurement date do not provide for or require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	16,094,084
Change in the net postemployment liability reported in the statement of net position does not provide for or require the use of current financial resources and therefore is not reported as revenues or expenditures in the governmental funds.	(9,291,073)
Change in the net postemployment deferred inflows and outflows reported in the statement of net position during the measurement period between the District's contributions to its postemployment liability subsequent to the measurement date do not provide for or require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	5,996,413
Interest accrued and reported in the statement of activities does not provide for or require the use of current financial resources and therefore is not reported as expenditures in the governmental funds.	4,046
Change in net position of governmental activities	<u>\$ 2,276,156</u>

See notes to basic financial statements.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION -**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2017**

	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 4
Cash and cash equivalents - restricted	252,787	120,702
Due from other funds	-	942,671
	<u>252,787</u>	<u>942,671</u>
Total assets	<u>252,787</u>	<u>\$ 1,063,377</u>
<b>LIABILITIES</b>		
Agency liabilities	-	942,675
Extraclassroom activity balances	-	120,702
	<u>-</u>	<u>1,063,377</u>
Total liabilities	<u>-</u>	<u>\$ 1,063,377</u>
<b>NET POSITION</b>		
Restricted	<u>\$ 252,787</u>	

See notes to basic financial statements.

**WEST IRONDQUOIT CENTRAL SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN NET POSITION -  
 FIDUCIARY FUND  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>	
Interest	\$ 112
Gifts and donations	<u>98,906</u>
Total additions	99,018
<b>DEDUCTIONS</b>	
Scholarships	<u>14,740</u>
Total deductions	<u>14,740</u>
Change in net position	84,278
Net position - beginning	<u>168,509</u>
Net position - ending	<u><u>\$ 252,787</u></u>

See notes to basic financial statements.

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**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

The District is governed by the Education Law and other laws of the State of New York. The District is an independent entity governed by an elected Board of Education. 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 are primarily accountable for all fiscal matters.

The scope of activities included within the accompanying financial statements are those transactions which comprise District operations and are governed by, or significantly influenced by, the Board of Education. Essentially, the primary function of the District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function. The financial reporting entity includes all funds, account groups, functions and organizations over which the District officials exercise oversight responsibility.

The reporting entity of the District is based upon criteria set forth by the Governmental Accounting Standards Board. 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 accompanying financial statements present the activities of the District. 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 description of certain entities included in the District's reporting entity.

**1. INCLUDED IN THE REPORTING ENTITY**

The Extraclassroom Activity Funds of the District represent funds of the students within the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to financial transactions and designation of student management. The District accounts for assets held as an agent for various student organizations in the Agency Fund of the District.

**2. JOINT VENTURE**

The District is a component school district of the Board of Cooperative Educational Services First Supervisory District of Monroe County (BOCES). The BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs which provide educational and support activities.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

BOCES is organized under Section 1950 of NYS 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 Section 1950 of New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards are also considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of 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 costs is determined by resident public school district enrollment as defined in Education Law Section 1950 (4)(b)(7). BOCES charges districts for program costs based on participation and for administrative costs. During the year ended June 30, 2017, the District was billed \$6,140,400 for BOCES administrative and program costs. Financial statements for the BOCES are available from the BOCES administrative office at 41 O'Connor Road, Fairport, New York 14450.

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

**B. BASIS OF PRESENTATION**

**1. DISTRICT-WIDE STATEMENTS:**

While separate district-wide and fund financial statements are presented, they are interrelated. 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 District 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 property taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include specific operating and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program 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 FINANCIAL STATEMENTS:**

The fund financial 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District reports the following major governmental funds:

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

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

Additionally, the District reports the following fund types:

Fiduciary Funds: These funds are used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that are the property of others. These activities are not included in the district-wide financial statements, because their resources are not the property of 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 benefits 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 from these trust arrangements.

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

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the district-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the district-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, state aid, grants and donations.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is appropriated by the State. Revenue from grants and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within one year of the end of the current fiscal period with the exception of property taxes, which the period of availability is sixty days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within one year of year end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The Agency Fund has no measurement focus but utilized the accrual basis of accounting for reporting its assets and liabilities.

**D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE**

**1. 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 date of acquisition.

**2. RESTRICTED ASSETS**

Certain assets are classified on the balance sheet as restricted because their use is limited. Donations to be used towards scholarships in the Private Purpose Trust Fund and funds supporting extraclassroom activities in the Agency Fund, are restricted specifically for those purposes. Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment, are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3. RECEIVABLES

Accounts receivables are carried at their net realizable value. Accounts are written-off as uncollectible after the likelihood of payment is considered remote by management. Generally accepted accounting principles require the establishment of an allowance for uncollectible accounts, however, no allowance for uncollectible accounts has been provided since management believes that such allowance would not be material.

4. INVENTORY AND PREPAID ITEMS

Certain 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. The cost of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

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

These assets are classified as nonspendable to signify that portion of fund balance that is not in a spendable form.

5. CAPITAL ASSETS

Capital assets, which include property and equipment are reported in the district-wide financial statements.

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2004. For assets acquired prior to June 30, 2004, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair value at the time received. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	straight-line	40 years
Building improvements	50,000	straight-line	40 years
Site improvements	50,000	straight-line	15 years
Vehicles	25,000	straight-line	10 years
Furniture and equipment	2,000	straight-line	5 years

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

6. INSURANCE

The District insures against liability for most risks including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

7. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualified for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. It represents the effect of the net change in the District's proportion of the collective net pension liability, difference during the measurement period between the District's contributions and its proportional share of total contributions to the pension systems not included in pension expense, and any contributions to the pension systems subsequent to the measurement date. See details of deferred pension outflows in Note 2.E. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. See details of deferred OPEB outflows in Note 2.F.

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 has two items that qualified for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. It represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportional share of total contributions to the pension systems not included in pension expense. See details of deferred pension inflows in Note 2.E. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the net effect of the changes of assumptions or other inputs. See details of deferred OPEB inflows in Note 2.F.

8. UNEARNED REVENUE

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

9. ACCRUED LIABILITIES AND LONG-TERM LIABILITIES

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 full from current financial resources. Claims, judgments and compensated absences that will be paid from governmental funds, are reported as a liability in the governmental fund 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 governmental fund financial statements when due.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

Bond Premiums - Premiums received upon the issuance of debt are included as other financing sources in the governmental funds statements when issued. In the district-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

**10. POSTEMPLOYMENT BENEFITS/OTHER BENEFITS**

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. The obligation of the District and its retirees to contribute to the cost of providing these benefits has been established pursuant to Board resolution and various collective bargaining agreements. Payments are budgeted annually without accrual and are based on the pay-as-you go method (see Note 2.F).

**11. NET POSITION FLOW ASSUMPTION**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**12. FUND BALANCE FLOW ASSUMPTIONS**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the District's fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy that the District Board of Education will assess the current financial condition of the District and then determines the order of application of expenditures to which fund balance classifications will be charged.

**13. FUND BALANCE POLICIES**

Fund balance of the District's funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the Assistant Superintendent for Finance to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**F. REVENUES AND EXPENDITURES/EXPENSES**

**1. PROGRAM REVENUES**

Amounts reported as *program revenues* include 1) charges to tax payers or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. PROPERTY TAXES**

Real property taxes are levied annually by the Board of Education no later than September 1. Taxes are collected during the period of September through November. Uncollected real property taxes are subsequently enforced by Monroe County in which the District is located. Uncollected real property taxes transmitted to the County for enforcement are paid by the County to the District no later than the forthcoming April 1.

**G. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**H. ACCOUNTING PRONOUNCEMENTS**

During the fiscal year ended June 30, 2017, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*; Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*; Statement No. 77, *Tax Abatement Disclosures*; Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; Statement No. 79, *Certain External Investment Pools and Pool Participants*; Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*; and Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, 68 and 73*.



**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The primary objective of Statement No. 75 is to improve accounting and financial reporting by governments, such as the District, for postemployment benefits. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

The primary objective of Statement No. 77 is to require governments, such as the District, that enter into tax abatement agreements to disclose information about the tax abatement agreements that are entered into by other governments and that reduce the District's tax revenues.

The District has evaluated Statements No. 74, 78, 79, 80 and 82 and have determined that they have no impact on the District's operations.

The GASB has issued the following new pronouncements:

- Statement No. 81, *Split-Interest Agreements*, which will be effective for the year ending June 30, 2018;
- Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ending June 30, 2019;
- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending June 30, 2020;
- Statement No. 85, *Omnibus*, which will be effective for the year ending June 30, 2018;
- Statement No. 86, *Certain Debt Extinguishment Issues*, which will be effective for the year ending June 30, 2018; and
- Statement No. 87, *Leases*, which will be effective for the year ending June 30, 2021.

The District is currently reviewing these statements and plans on adoption, as required.

**I. SUBSEQUENT EVENTS**

These financial statements have not been updated for subsequent events occurring after October 5 2017 which is the date these financial statements were available to be issued.

**NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The District's investment policies are governed by State statutes. In addition, the District has its own written investment policy. The District funds must be deposited in FDIC insured commercial banks or trust companies located within the State. Permissible investments include demand accounts and certificates of deposit, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits, time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of New York State and its municipalities and school districts, and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

The District's aggregate bank balances were fully collateralized at June 30, 2017.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute or contract to be reserved for various purposes. Restricted cash as of year end includes \$120,702 within the Agency Fund restricted for extraclassroom activities, \$252,787 in the Private Purpose Trust Fund restricted for scholarships.

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Assistant Superintendent for Finance of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

**B. RECEIVABLES**

Significant revenues accrued by the District include the following:

State and federal aid receivable, consist of the following at June 30, 2017:

General Fund	
State aid - general aid	\$ 12,099
State aid - excess cost aid	689,120
Other	<u>20,817</u>
	722,036

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Special Aid Fund	
State awards	152,018
Federal awards	<u>187,382</u>
	339,400
School Lunch Fund	<u>1,485</u>
Total	<u>\$ 1,062,921</u>

Due from other governments, consist of the following at June 30, 2017:

General Fund	
State aid - BOCES aid	\$ 1,282,649
Sales Tax	<u>775,000</u>
	<u>\$ 2,057,649</u>

**C. CAPITAL ASSETS**

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

	<u>Balance</u> <u>7/1/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/17</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,484,678	\$ -	\$ -	\$ 2,484,678
Construction work in progress	<u>6,624,463</u>	<u>1,533,371</u>	<u>8,157,834</u>	<u>-</u>
Total capital assets not being depreciated	9,109,141	1,533,371	8,157,834	2,484,678
Capital assets being depreciated:				
Buildings and improvements	94,572,668	8,257,199	-	102,829,867
Vehicles and equipment	<u>2,154,412</u>	<u>74,792</u>	<u>-</u>	<u>2,229,204</u>
Total capital assets, being depreciated	<u>96,727,080</u>	<u>8,331,991</u>	<u>-</u>	<u>105,059,071</u>
Less accumulated depreciation:				
Buildings	28,899,138	2,330,121	-	31,229,259
Vehicles and equipment	<u>1,584,670</u>	<u>119,903</u>	<u>-</u>	<u>1,704,573</u>
Total accumulated depreciation	<u>30,483,808</u>	<u>2,450,024</u>	<u>-</u>	<u>32,933,832</u>
Total capital assets being depreciated, net	<u>66,243,272</u>	<u>5,881,967</u>	<u>-</u>	<u>72,125,239</u>
Governmental activities capital assets, net	<u>\$ 75,352,413</u>	<u>\$ 7,415,338</u>	<u>\$ 8,157,834</u>	<u>\$ 74,609,917</u>

Depreciation has not been allocated to the individual functions of the District operation as no allocation methodology has been established.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**D. ACCRUED LIABILITIES**

Accrued liabilities reported by the District at June 30, 2017, were as follows:

	General Fund
Salary and employee benefits	\$ 296,172
Accrued vacation	440,076
Miscellaneous	8,880
Total accrued liabilities	<u>\$ 745,128</u>

**E. PENSION OBLIGATIONS**

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' 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.

Provisions and Administration

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

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

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

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 based on salaries paid during the Systems' fiscal year ending March 31<sup>st</sup>.

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

At June 30, 2017, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of June 30, 2016 for TRS and March 31, 2017 for ERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension 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>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2016	March 31, 2017
Net pension liability	\$1,664,374	\$1,766,605
District's portion of the Plan's total net pension liability	.155398%	.018801%
Change in proportion since the prior measurement date	.002800	(.001102)

For the year ended June 30, 2017, the District's recognized pension expense of \$1,011,658 for ERS and \$2,729,784 for TRS, respectively. At June 30, 2017 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ -	\$ 44,269	\$ 540,682	\$ 268,269
Changes of assumptions	9,481,334	603,537	-	-
Net difference between projected and actual earnings on pension plan investments	3,742,388	352,863	-	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	28,736	102,298	171,936	70,766
District's contributions subsequent to the measurement date	<u>3,041,108</u>	<u>228,982</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 16,293,566</u>	<u>\$ 1,331,949</u>	<u>\$ 712,618</u>	<u>\$ 339,035</u>

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

District contributions subsequent to the measurement date 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>ERS</u>		<u>TRS</u>
Year ended:			
2018	\$338,959	\$	1,134,359
2019	338,959		1,134,359
2020	312,081		4,040,801
2021	(226,067)		3,136,522
2022	-		1,425,913
Thereafter	-		1,667,886

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2016	March 31, 2017
Actuarial valuation date	June 30, 2015	April 1, 2016
Interest rate	7.5%	7.0%
Salary scale	1.9% - 4.7%	3.8%
Decrement tables	July 1, 2009 – June 30, 2014 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.5%	2.5%
Cost of living adjustments	1.5%	1.3%

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

For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP 2014. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

The long-term expected 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 the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u> <u>June 30, 2015</u>	<u>ERS</u> <u>March 31, 2016</u>
<b>Asset Class:</b>				
Domestic equities	37.0%	36.0%	6.1%	4.6%
International equities	18.0	14.0	7.3	6.4
Private equity	-	10.0	-	7.8
Real estate	10.0	10.0	5.4	5.8
Alternative investments	7.0	-	9.2	-
Absolute return strategies	20.0	2.0	1.9	4.0
Opportunistic portfolio	-	3.0	-	5.9
Real assets	-	3.0	-	5.5
Bond and mortgages	8.0	17.0	3.1	1.3
Cash	-	1.0	-	(0.3)
Inflation-indexed bonds	-	4.0	-	1.5
Total	<u>100.0%</u>	<u>100.0%</u>		

Discount Rate

The discount rate used to calculate the total pension liability was 7.5% for TRS and 7.0% for ERS. 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 determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following tables present the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and 7.5% for TRS, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0% for ERS and 6.5% for TRS) or 1-percentage point higher (8.0% for ERS and 8.5% for TRS) than the current rate :

TRS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability (asset)	\$21,715,541	\$1,664,374	(\$ 15,153,494)

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

ERS	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Employer's proportionate share of the net pension liability (asset)	\$5,642,188	\$1,766,605	(\$1,510,192)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measurement dates, were as follows:

	ERS	TRS (Dollars in Thousands)	Total
Measurement date	March 31, 2017	June 30, 2016	
Employers' total pension liability	\$ 177,400,586	\$ 108,577,184	\$ 285,977,770
Plan net position	<u>168,004,363</u>	<u>107,506,142</u>	<u>275,510,505</u>
Employers' net pension liability	<u>\$ 9,396,223</u>	<u>\$ 1,071,042</u>	<u>\$ 10,467,265</u>
Ratio of Plan net position to the employers' total pension liability	94.7%	99.0%	

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2017 through a state aid intercept. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$3,288,107.

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$233,888.

**F. OTHER POSTEMPLOYMENT BENEFITS OBLIGATIONS (OPEB)**

Plan Description

The West Irondequoit Central School District administers the West Irondequoit Central School District Retiree Medical, Prescription Vision and Dental Plan (the Plan) as a single-employer defined benefit Other Postemployment Benefit Plan (OPEB). The Plan provides for continuation of medical, prescription vision and dental benefits for certain retirees and their spouses and can be amended by action of the District subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The obligations of the plan members, employers and other entities are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the District.



**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Employees Covered by Benefit Terms

As of June 30, 2017, the following employees were covered by the benefit terms:

Active employees, not eligible to retire	441
Active employees, eligible to retire	94
Retired and surviving spouses	334
Retired spouses covered	<u>167</u>
Total	<u>1,036</u>

The District's total OPEB liability of \$104,917,576 was measured as of April 1, 2017, and was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary Increases	3.31%, average, including inflation
Discount Rate	3.80%
Healthcare Cost Trend Rates	5.30% of 2017, with an ultimate rate of 4.17% for 2051 and later years
Retirees' Share of Benefit-Related Costs	100% of future retirees eligible for an employer subsidy. 25% of future retirees required to pay 100% of premiums.

The discount rate was based on the Fidelity Mutual General Obligation AA 20 year Bond rate as of the measurement date.

Mortality rates for active members were based on the 2015 New York State Teacher Retirement System mortality rates for active members and all active employees. Mortality rates for retirees and surviving spouses were based on the 2015 New York State Teacher Retirement System mortality base rates for service and deferred annuitants and beneficiaries, fully generational using Mortality Improvement Scale MP-2016.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2017.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Changes in the Total OPEB Liability

Balance at July 1, 2016	\$ <u>95,626,503</u>
Changes for the year-	
Service cost	2,681,262
Interest	3,212,397
Changes of benefit terms	-
Differences between expected and actual experience	12,910,071
Changes in assumptions or other inputs	(7,097,343)
Benefit payments	<u>(2,415,314)</u>
Net changes	<u>9,291,073</u>
Balance at June 30, 2017	\$ <u>104,917,576</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.35 percent in 2016 to 3.80 percent in 2017.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following present 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 (2.80 %) or 1 percentage point higher (4.80%) than the current discount rate.

	<u>1% Decrease (2.80%)</u>	<u>Discount Rate (3.80%)</u>	<u>1% Increase (4.80%)</u>
Total OPEB Liability	\$ <u>125,196,644</u>	\$ <u>104,917,576</u>	\$ <u>89,121,760</u>

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 (3.17%) or 1 percentage point higher (5.17%) than the current healthcare cost trend rate:

	<u>1% Decrease (4.30%-3.17%)</u>	<u>Healthcare Cost Trend Rates (5.30%-4.17%)</u>	<u>1% Increase (6.30%-5.17%)</u>
Total OPEB Liability	\$ <u>86,412,651</u>	\$ <u>104,917,576</u>	\$ <u>131,666,291</u>

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

For the year ended June 30, 2017, the District recognized OPEB expense of \$6,347,776. At June 30, 2017, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,901,472	\$ -
Changes of assumptions	-	6,542,863
Contributions subsequent to measurement date	<u>637,804</u>	<u>-</u>
Total	\$ <u>12,539,276</u>	\$ <u>6,542,863</u>

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 454,119
2019	454,119
2020	454,119
2021	454,119
2022	454,119
Thereafter	<u>3,088,041</u>
	<u>\$ 5,358,609</u>

**G. LONG-TERM LIABILITIES**

**GENERAL OBLIGATION BONDS**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The District's outstanding long-term liabilities include serial bonds, compensated absences, other postemployment benefit obligations and net pension liability.

The following is a summary of maturities of indebtedness:

<u>Description</u>	<u>Issue Date</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding 6/30/17</u>
Governmental activities:					
Serial Bonds	7/23/02	\$ 2,050,000	4/15/27	2.50-5.00%	\$ 410,000
Pool Excel Project	6/22/09	2,892,487	6/15/24	2.50-4.00%	1,540,000
Refunding	12/29/10	27,455,000	6/15/25	2.00-5.00%	12,595,000
Promise Project	6/27/2016	5,610,000	6/15/36	2.32%	<u>5,275,000</u>
					<u>\$ 19,820,000</u>

**OTHER LONG-TERM LIABILITIES**

In addition to the above long-term debt, the District had a non-current liability for other postemployment benefits (See Note 2.F.) and net pension liability (See Note 2.E.).

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

CHANGES IN LONG-TERM LIABILITIES

Changes in the District's long-term liabilities for the year ended June 30, 2017 are as follows:

	<u>Balance</u> <u>7/1/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/17</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Bonds payable:					
Serial Bonds	\$ 23,975,000	-	\$ 4,155,000	\$ 19,820,000	\$ 4,220,000
Unamortized premium	<u>117,468</u>	<u>-</u>	<u>5,873</u>	<u>111,595</u>	<u>5,873</u>
Total bonds payable	24,092,468	-	4,160,873	19,931,595	4,225,873
Other liabilities:					
Net pension liabilities*	(12,655,908)	16,086,887	-	3,430,979	-
Post employment benefit obligations	<u>95,626,503</u>	<u>11,706,387</u>	<u>2,415,314</u>	<u>104,917,576</u>	<u>-</u>
 Total long-term liabilities	 <u>\$ 35,761,728</u>	 <u>\$27,793,274</u>	 <u>\$ 6,576,187</u>	 <u>\$ 128,280,150</u>	 <u>\$ 4,225,873</u>

\*Additions to net pension liability are presented net of reductions.

The General Fund has typically been used to liquidate long-term liabilities such as postemployment benefit obligations.

The following is a summary of maturing debt service requirements for the District's serial bonds:

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>
2018	\$ 4,220,000	\$ 767,901	\$ 5,873
2019	2,035,000	585,406	5,873
2020	2,100,000	501,250	5,873
2021	2,185,000	406,300	5,873
2022	2,285,000	307,350	5,873
2023-2027	4,555,000	605,400	29,365
2028-2032	1,510,000	258,050	29,365
2033-2037	<u>930,000</u>	<u>70,800</u>	<u>23,500</u>
Total	<u>\$ 19,820,000</u>	<u>\$3,502,457</u>	<u>\$ 111,595</u>

H. INTERFUND ACTIVITY

Interfund activity at June 30, 2017 are as follows:

	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>	<u>Interfund</u> <u>Revenues</u>	<u>Interfund</u> <u>Expenditures</u>
General Fund	\$ 380,516	\$ 942,671	\$ 19,097	\$ 209,137
Capital Projects Fund	-	9	100,000	698,414
Special Aid Fund	-	361,288	101,287	-
School Lunch Fund	-	19,228	7,850	-
Debt Service Fund	9	-	679,317	-
Trust & Agency Fund	<u>942,671</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,323,196</u>	<u>\$ 1,323,196</u>	<u>\$ 907,551</u>	<u>\$ 907,551</u>

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

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

Interfund receivables and payables were incurred primarily due to salaries paid by General Fund on behalf of the Special Aid Fund, and amounts due to the Trust and Agency Fund from the General Fund to fund HRA benefits. The majority of the interfund revenues and expenses were a transfer of unspent debt proceeds to the Debt Service Fund for future debt payments and transfers from the General Fund to the Capital Project and Special Aid Funds for appropriated capital and program related expenditures.

**I. DETAIL OF FUND BALANCES**

As of June 30, 2017, fund balances were classified as follows:

	<u>General</u>	<u>Special Aid</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Nonspendable</u>				
Inventory	\$ 7,949	\$ -	\$ 34,742	\$ 42,691
Prepays	866,836	-	9,284	876,120
<u>Restricted:</u>				
Capital	7,865,058	-	-	7,865,058
Retirement	6,343,701	-	-	6,343,701
Tax certiorari	1,227,023	-	-	1,227,023
Unemployment insurance	303,324	-	-	303,324
Workers' compensation	389,326	-	-	389,326
<u>Assigned:</u>				
Subsequent years' expenditures	2,594,608	-	-	2,594,608
Debt service	-	-	823,981	823,981
Special aid	-	670,834	-	670,834
Capital projects	-	-	-	-
School lunch	-	-	-	-
<u>Encumbrances:</u>				
General support	671,988	2,416	-	674,404
Instruction	634,471	-	-	634,471
<u>Unassigned:</u>				
General fund	<u>2,879,893</u>	<u>-</u>	<u>-</u>	<u>2,879,893</u>
<b>Total</b>	<b><u>\$ 23,784,177</u></b>	<b><u>\$ 673,250</u></b>	<b><u>\$ 868,007</u></b>	<b><u>\$25,325,434</u></b>

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 2 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

*Assigned to subsequent year's expenditure* – Represents available fund balance being appropriated to meet expenditure requirements in the 2018 fiscal year.

*Assigned to specific use* – Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignment's purpose related to each fund's operations and represents amounts within funds that are not restricted or committed.

*Unassigned fund balance* – Represents the residual classification of the District's General Fund surplus and funds with deficit fund balances.

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 school 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.

**NOTE 3 - RISK MANAGEMENT**

**A. WORKERS' COMPENSATION PLAN**

The District incurs costs related to the Rochester Area School Workers' Compensation Plan (the 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 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 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 one year prior to the end of the Plan year.

Plan membership is currently comprised of nineteen 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.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 3 - RISK MANAGEMENT (Continued)**

Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2017, the District incurred premiums or contribution expenditures totaling \$389,089.

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, 2016, indicated that the Plan was underfunded by \$2,413,013.

**B. HEALTH INSURANCE 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. The Plans 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 Plans 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 Plans 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 Plans year. Plan members bear an equal proportionate share of the Plans assets and claim liabilities.

Pursuant to the Municipal Cooperative Agreement the Plans are 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 the fiscal year, the distribution of such funds shall be determined by the Board of Directors.

**PLAN I**

This Plan's members include seventeen districts and two BOCES with the District and BOCES bearing an equal proportionate share of the Plan's assets and claim liabilities.

The 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 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.

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, 2016, indicated that the Plan was fully funded.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 3 - RISK MANAGEMENT (Continued)**

PLAN II

This Plan's members include seventeen districts and two BOCES with the District and BOCES bearing an equal proportionate share of the Plan's assets and claim liabilities.

The Plan arrangement includes a pooling point to limit its exposure. The pooling point provides additional protection in the form of an experience credit in the subsequent year.

The insurer will determine whether there is a deficit or a surplus for the Plan year. If a deficit occurs in a Plan year, the Insurer will fund payment of the deficit. If there is a surplus in the Plan year, the surplus may not be applied to off-set a deficit in a subsequent Plan year or Plan years. If a surplus occurs in a Plan year that follows the year in which a deficit occurred, the surplus may be applied to fund the deficit.

Any medical claims expenses that are not paid by the Insurer (either with Plan money representing the net premium or with the Insurer's money if a deficit occurred) during the term of the agreement with the insurer, will be the financial responsibility of the Plan. If the Insurer is processing medical claims expenses during part or all of the 12-month period referred to above, it will pay those medical claims expenses provided that the Plan provides adequate funding for the medical claims expenses.

The administrative services that will be provided by the Insurer during the 12-month period referred to above will be provided for an additional charge determined by first dividing the Insurer administrative fee paid in the last Plan year by the total of the medical claims expenses paid during the last Plan year to determine an administrative cost percentage (the "Admin Percentage"). Then, for each medical claims expense paid during the subsequent 12-month period, the Plan will pay the Insurer an additional charge determined by multiplying the amount of the medical claims expense by the admin percentage.

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, 2016, indicated that the Plan was fully funded.

**NOTE 4 - COMMITMENTS AND CONTINGENCIES**

**A. ENCUMBRANCES**

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were \$1,306,459 in the General Fund.

**B. CONTINGENCIES**

The District participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District anticipates such amounts, if any, will be immaterial.



**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 5 – TAX ABATEMENTS**

The County of Monroe Industrial Development Agency created by Chapter 55 of the Laws of 1972 of the State of New York pursuant to Title I of Article 18-A of General Municipal Law of the State of New York (collectively “the Act”), has five real property tax abatement agreements with various businesses in the District under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act for the purpose of economic development in the District.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements noted in said individual agreements. Should the property owner not comply with the policies and laws as set forth in each agreement, the PILOT will discontinue as outlined in each agreement.

As a result of these tax abatement agreements, for the year ended June 30, 2017, the District’s total tax revenues were reduced by \$35,357.

Copies of the agreements may be obtained from the West Irondequoit Central School District, 321 List Avenue, Rochester, NY 14617

**NOTE 6 – RESTATEMENT OF NET POSITION**

For the fiscal year ended June 30, 2017, the District implemented GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The implementation of Statement No. 75 resulted in the reporting of a deferred postemployment outflow of resources, postemployment liability and deferred postemployment inflow of resources related to the District’s single-employer defined benefit other postemployment plan.

Net position beginning of year, as previously stated	\$ <u>75,871,609</u>
GASB Statement No. 75 implementation	
Beginning plan liability under GASB Statement No. 75	(95,626,503)
Beginning plan liability under GASB Statement No. 45	<u>11,669,260</u>
Net position beginning of year, as restated	\$ <u>(8,085,634)</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET  
PENSION (ASSET) LIABILITY -  
EMPLOYEES' AND TEACHERS' RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS\***

	Year Ended June 30,		
	2017	2016	2015
<b>Teachers' Retirement System (TRS)</b>			
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension (asset) liability	0.0155398%	0.0152598%	0.152321%
District's proportionate share of the net pension (asset) liability	\$ <u>1,664,374</u>	\$ <u>(15,850,017)</u>	\$ <u>(16,967,660)</u>
District's covered-employee payroll	\$ 25,007,462	\$ 22,922,213	\$ 23,303,844
District's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	7%	-69%	-73%
Plan fiduciary net position as a percentage of the total pension (asset) liability	99.01%	-110.5%	-111.5%
<b>Employees' Retirement System (ERS)</b>			
Measurement date	March 31, 2017	March 31, 2016	March 31, 2015
District's proportion of the net pension liability	.0188012%	.00199025%	.021352%
District's proportionate share of the net pension liability	\$ <u>1,766,605</u>	\$ <u>3,194,409</u>	\$ <u>721,332</u>
District's covered-employee payroll	\$ 6,053,728	\$ 5,582,893	\$ 5,516,910
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	29%	57%	13%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.9%

\* Information prior to the year ended June 30, 2015 is not available.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS-  
EMPLOYEES' AND TEACHERS' RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS  
FOR THE YEAR ENDED JUNE 30,**

	<b>TEACHERS' RETIREMENT SYSTEM</b>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 1,800,509	\$ 1,644,229	\$ 1,350,560	\$ 2,099,656	\$ 2,266,559	\$ 2,834,562	\$ 3,786,875	\$ 4,018,264	\$ 3,179,672	\$ 3,041,108
Contributions in relation to the contractually required contribution	<u>1,800,509</u>	<u>1,644,229</u>	<u>1,350,560</u>	<u>2,099,656</u>	<u>2,266,559</u>	<u>2,834,562</u>	<u>3,786,875</u>	<u>4,018,264</u>	<u>3,179,672</u>	<u>3,041,108</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered-employee payroll	20,524,648	21,501,023	22,990,747	23,377,701	23,410,651	23,970,534	23,303,844	22,922,213	25,007,462	25,948,020
Contributions as a percentage of covered-employee payroll	9%	8%	6%	9%	10%	12%	16%	18%	13%	12%
	<b>EMPLOYEES' RETIREMENT SYSTEM</b>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 453,569	\$ 434,858	\$ 506,213	\$ 809,350	\$ 928,312	\$ 1,249,264	\$ 1,219,575	\$ 979,432	\$ 849,137	\$ 853,422
Contributions in relation to the contractually required contribution	<u>453,569</u>	<u>434,858</u>	<u>506,213</u>	<u>809,350</u>	<u>928,312</u>	<u>1,249,264</u>	<u>1,219,575</u>	<u>979,432</u>	<u>849,137</u>	<u>853,422</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered-employee payroll	5,311,641	5,691,081	6,123,276	6,263,503	6,197,722	6,163,763	5,850,150	5,516,910	5,582,893	6,053,728
Contributions as a percentage of covered-employee payroll	9%	8%	8%	13%	15%	20%	21%	18%	15%	14%

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Revenues</u>	<u>Over (Under) Amended Budget</u>
<b>REVENUES</b>				
Local sources:				
Real property taxes	\$ 37,689,691	\$ 37,689,691	\$ 37,686,414	\$ (3,277)
Real property tax items	105,103	105,103	231,906	126,803
Nonproperty taxes	3,050,000	3,050,000	3,218,814	168,814
Charges for services	184,000	184,000	231,529	47,529
Use of money and property	243,000	243,000	239,136	(3,864)
Sale of property and compensation for loss	-	-	66,652	66,652
Miscellaneous local sources	200,000	200,000	539,930	339,930
State sources:				
Basic formula	24,084,907	23,148,761	25,178,193	2,029,432
BOCES	2,770,925	2,770,925	2,940,552	169,627
Other	365,705	365,705	355,362	(10,343)
Federal sources	<u>150,000</u>	<u>150,000</u>	<u>182,307</u>	<u>32,307</u>
Total revenues	68,843,331	67,907,185	70,870,795	2,963,610
Other sources:				
Transfers in	-	-	19,097	19,097
Appropriated fund balance	<u>2,337,743</u>	<u>4,602,801</u>	<u>-</u>	<u>(4,602,801)</u>
Total revenues and other sources	<u>\$ 71,181,074</u>	<u>\$ 72,509,986</u>	<u>\$ 70,889,892</u>	<u>\$ (1,620,094)</u>

The note to the required supplementary information is an integral part of this schedule.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(Continued)**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balances</u>
<b>EXPENDITURES</b>					
General support:					
Board of education	\$ 72,250	\$ 70,638	\$ 54,398	\$ -	\$ 16,240
Central administration	301,830	296,041	292,880	-	3,161
Finance	596,228	640,434	588,492	2,060	49,882
Staff	542,800	547,630	485,248	2,226	60,156
Central services	6,992,982	8,193,924	6,733,873	667,702	792,349
Special items	943,854	1,201,342	1,137,252	-	64,090
Instruction:					
Instruction, administration and improvements	2,935,084	2,892,535	2,626,741		265,794
Teaching - regular school	16,541,106	16,810,613	16,320,643	60,173	429,797
Programs for children with handicaps	10,180,784	9,506,562	8,586,112	38,820	881,630
Instructional media	2,478,185	2,883,060	2,236,042	533,835	113,183
Pupil services	5,332,969	4,463,803	4,296,296	1,643	165,864
Pupil transportation	2,467,396	2,647,596	2,460,175	-	187,421
Culture and recreation	48,450	53,450	52,255	-	1,195
Employee benefits	16,379,801	16,933,703	16,213,906	-	719,797
Debt service - principle	4,135,000	4,155,000	4,155,000	-	-
Debt service interest	982,355	962,355	925,744	-	36,611
	<u>70,931,074</u>	<u>72,258,686</u>	<u>67,165,057</u>	<u>1,306,459</u>	<u>3,787,170</u>
Other uses:					
Interfund transfers out	<u>250,000</u>	<u>251,300</u>	<u>209,137</u>	<u>-</u>	<u>42,163</u>
Total expenditures and other uses	<u>\$ 71,181,074</u>	<u>\$ 72,509,986</u>	<u>67,374,194</u>	<u>\$ 1,306,459</u>	<u>\$ 3,829,333</u>
Net change in fund balance			<u>\$ 3,515,698</u>		

The note to the required supplementary information is an integral part of this schedule.



**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

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**1. BUDGETARY INFORMATION**

**BUDGETARY BASIS OF ACCOUNTING**

**1. BUDGET POLICIES**

The District's administration prepares a proposed budget for approval by the Board of Education for the general fund. The proposed appropriation budget is then approved by the voters within the District. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. The appropriated budget is prepared by fund and function. Transfers of appropriations between functions require the approval of the Board of Education.

The voters of the District approved the proposed appropriation budget for the General Fund.

**2. BUDGETARY BASIS OF ACCOUNTING**

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2017, and therefore, is the only fund presented on the Budgetary Comparison Schedule.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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 restrictions if the Board approves them because of a need that exists that was not determined at the time the budget was adopted.

The capital projects fund is appropriated on a project-length basis. Budgets are established and used for individual capital project 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.

Other special revenue funds and the permanent fund do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

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## **SUPPLEMENTARY INFORMATION**

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**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	<b>Capital Projects Fund</b>	<b>Debt Service</b>	<b>School Lunch</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9	\$ 823,972	\$ 49,986	\$ 873,967
Accounts Receivable	-	-	738	738
Due from other funds	-	9	-	9
State and federal aid receivable	-	-	1,485	1,485
Inventory	-	-	34,742	34,742
Prepaid items	-	-	9,284	9,284
<b>Total assets</b>	<b>\$ 9</b>	<b>\$ 823,981</b>	<b>\$ 96,235</b>	<b>\$ 920,225</b>
<b>LIABILITIES</b>				
Accrued liabilities	\$ -	\$ -	\$ 13,631	\$ 13,631
Due to other funds	9	-	19,228	19,237
Due to other governments	-	-	839	839
Unearned revenue	-	-	18,511	18,511
<b>Total liabilities</b>	<b>9</b>	<b>-</b>	<b>52,209</b>	<b>52,218</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	44,026	44,026
Assigned	-	823,981	-	823,981
<b>Total fund balances</b>	<b>-</b>	<b>823,981</b>	<b>44,026</b>	<b>868,007</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9</b>	<b>\$ 823,981</b>	<b>\$ 96,235</b>	<b>\$ 920,225</b>

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Capital Projects Fund</u>	<u>Debt Service</u>	<u>School Lunch</u>	<u>Total</u>
<b>REVENUES</b>				
Use of money and property	\$ -	\$ 986	\$ 34	\$ 1,020
Miscellaneous local sources	-	-	29,917	29,917
State sources	-	-	21,794	21,794
Federal sources	-	-	582,053	582,053
School lunch	-	-	598,512	598,512
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	986	1,232,310	1,233,296
<b>EXPENDITURES</b>				
General:				
School lunch	-	-	1,235,113	1,235,113
Capital outlay:				
General support	1,405,509	-	-	1,405,509
Instruction	226,615	-	-	226,615
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,632,124	-	1,235,113	2,867,237
Excess (deficit) of revenues over expenditures	(1,632,124)	986	(2,803)	(1,633,941)
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers out	(698,414)	-	-	(698,414)
Interfund transfers in	100,000	679,317	7,850	787,167
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(598,414)	679,317	7,850	88,753
Net change in fund balances	(2,230,538)	680,303	5,047	(1,545,188)
Fund balances (deficit) - beginning	2,230,538	143,678	38,979	2,413,195
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ -	\$ 823,981	\$ 44,026	\$ 868,007
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**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
 SCHEDULE OF CHANGE FROM ADOPTED  
 BUDGET TO FINAL BUDGET -  
 GENERAL FUND AND REAL PROPERTY TAX LIMIT  
 FOR THE YEAR ENDED JUNE 30, 2017**

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Adopted Budget	\$ 71,181,074
Additions:	
Encumbrances from prior year	<u>1,072,244</u>
Original Budget	72,253,318
Budget Revision:	
Amendment for tax certiorari payment	<u>256,668</u>
Final Budget	<u>\$ 72,509,986</u>

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

2017-18 expenditure budget	\$ 71,997,349
Maximum allowed	2,879,894

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

Unrestricted fund balance:		
Assigned fund balance	3,901,067	
Unassigned fund balance	<u>2,897,893</u>	
Total unrestricted fund balance	<u>6,798,960</u>	
Less:		
Appropriated fund balance	2,594,608	
Encumbrances included in assigned fund balance	<u>1,306,459</u>	
Total adjustments	<u>3,901,067</u>	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u>\$ 2,897,893</u>
Actual percentage		4.00%

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
SCHEDULE OF PROJECT EXPENDITURES -  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Project Title</u>	<u>Original Appropriations</u>	<u>Revised Appropriations</u>	<u>Capital Expenditures</u>			<u>Unexpended Balance</u>	<u>Methods of Financing</u>				<u>Fund Balance 06/30/17</u>
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>		<u>Proceeds of Obligations</u>	<u>State Aid</u>	<u>Local Sources</u>	<u>Total</u>	
Promise Project	\$ 8,755,000	\$ 8,755,000	\$ 6,542,312	\$ 2,212,688	\$ 8,755,000	\$ -	\$ 5,610,000	\$ -	\$ 3,145,000	\$ 8,755,000	\$ -
Masonry Project	100,000	100,000	82,150	17,850	100,000	-	-	-	100,000	100,000	-
Rogers Lockers/Stair Treads	100,000	100,000	-	100,000	100,000	-	-	-	100,000	100,000	-
Total	<u>\$ 8,955,000</u>	<u>\$ 8,955,000</u>	<u>\$ 6,624,462</u>	<u>\$ 2,330,538</u>	<u>\$ 8,955,000</u>	<u>\$ -</u>	<u>\$ 5,610,000</u>	<u>\$ -</u>	<u>\$ 3,345,000</u>	<u>\$ 8,955,000</u>	<u>\$ -</u>



**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2017**

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Capital assets, net	\$ 74,609,917
Deduct:	
Bonds payable	(19,820,000)
Bonds premium	<u>(111,595)</u>
Net investment in capital assets	\$ <u>54,678,322</u>

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**FEDERAL FINANCIAL ASSISTANCE**

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**WEST IRONDEQUOIT SCHOOL DISTRICT, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Pass-Through to to Subrecipients	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
<i>Passed through New York State Bureau of School Food Management:</i>				
<i>Child Nutrition Cluster</i>				
National School Breakfast Program	10.553		\$ -	\$ 98,793
National School Lunch Program	10.555		-	399,425
National School Lunch Program - Food Distribution	10.555		-	83,835
<i>Total Child Nutrition Cluster</i>			-	582,053
<i>Total U.S. Department of Agriculture</i>			-	582,053
<b>U.S. Department of Education</b>				
<i>Passed through New York State Education Department:</i>				
<i>Special Education Cluster</i>				
Special Education - Grants to States	84.027	0032-17-0361	-	709,238
Special Education - Preschool Grants	84.173	0033-17-0361	-	23,100
<i>Total Special Education Cluster</i>			-	732,338
<i>Title I Grants to Local Educational Agencies</i>				
Title I Grants to Local Educational Agencies	84.010	0021-16-1350	-	2,128
Title I Grants to Local Educational Agencies	84.010	0021-17-1350	-	329,741
<i>Total Title I Grants to Local Educational Agencies</i>			-	331,869
<i>Supporting Effective Instruction State Grant</i>				
Supporting Effective Instruction State Grant	84.367	0147-16-1350	-	83,680
Supporting Effective Instruction State Grant	84.367	0147-17-1350	-	3,862
<i>Total Supporting Effective Instruction State Grant</i>			-	87,542
<i>English Language Acquisition Grants</i>				
English Language Acquisition State Grants - Immigrant Subgrant	84.365A	0149-16-1350	-	1,561
English Language Acquisition State Grants - Immigrant Subgrant	84.365A	0149-17-1350	-	120
English Language Acquisition State Grants - LEP Subgrants	84.365A	0293-16-1350	-	5,067
English Language Acquisition State Grants - LEP Subgrants	84.365A	0293-17-1350	-	2,862
<i>Total English Language Acquisition Grants</i>			-	9,610
<i>Total U.S Department of Education</i>			-	1,161,359
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ 1,743,412</b>

See notes to schedule of expenditures of federal awards.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal financial assistance programs administered by the District, an entity as defined in Note 1 to the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included in the schedule. Because the schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the District's financial reporting system, which is the source of the District's basic financial statements.

**NOTE 3 - PASS-THROUGH GRANTOR**

Some of the federal financial assistance received was passed-through departments of the State of New York.

**NOTE 4 - NON-MONETARY FEDERAL PROGRAM**

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2017, the District received \$83,835 of commodities under the Surplus Food Distribution Program (CFDA 10.555).

**NOTE 5 – INDIRECT COST**

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

## **INTERNAL CONTROL AND COMPLIANCE**

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**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 AUDITOR'S REPORT**

The President and Members of the  
Board of Education of  
West Irondequoit Central School District  
Rochester, 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 West Irondequoit Central School District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 5, 2017.

**Internal Control Over Financial Reporting**

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

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

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

## Purpose of this Report

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

*Freed Maxick CPAs, P.C.*

Batavia, New York  
October 5, 2017

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

The President and Members of the  
Board of Education of  
West Irondequoit Central School District  
Rochester, New York

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

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

**Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards, and contracts applicable to its federal programs.

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

## Report on Internal Control Over Compliance

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

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

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

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

*Freed Maxick CPAs, P.C.*

Batavia, New York  
October 5, 2017

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**I. SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report(s) issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  none reported

Type of auditor's opinion(s) issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?  yes  no

**Identification of major programs**

Nutrition Cluster 10.553/10.555

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low risk?  yes  no

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017  
(Continued)**

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**II. FINDINGS - FINANCIAL STATEMENT AUDIT**

There were no findings in the current year.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no findings or questioned costs related to federal awards noted in the current year.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**I. FINDINGS - FINANCIAL STATEMENT AUDIT**

There were no findings related to the financial statement audit noted for the fiscal year ended June 30, 2016.

**II. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no findings or questioned costs related to federal awards noted for the fiscal year ended June 30, 2016.

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## **EXTRACLASSROOM ACTIVITY**

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**INDEPENDENT AUDITOR'S REPORT ON THE STATEMENT OF CASH RECEIPTS,  
DISBURSEMENTS AND CHANGES IN CASH BASIS NET POSITION OF THE  
EXTRACLASROOM ACTIVITY FUNDS**

The President and Members of the  
Board of Education of  
West Irondequoit Central School District  
Rochester, New York

**Report on the Financial Statements**

We have audited the accompanying Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Position of the Extraclassroom Activity Funds of West Irondequoit Central School District (the District), as of and for the year ended June 30, 2017 and the related note to the financial statement.

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

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control over Extraclassroom Activity relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls over Extraclassroom Activity relevant to the District's preparation and fair presentation of the financial statement 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 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 opinion.

## Opinion

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash receipts, disbursements and changes in cash basis net position of the Extraclassroom Activity Funds of the District for the year ended June 30, 2017, arising from cash collected and disbursements made during the year then ended on the basis of accounting described in Note 1.

## Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statement is prepared on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Freed Maxick CPAs, P.C.*

Batavia, New York  
October 5, 2017

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS  
NET POSITION OF THE EXTRACLASSROOM ACTIVITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>Irondequoit High School</b>				
Amnesty International	\$ 173	\$ 564	\$ 360	\$ 377
Art Club	264	942	513	693
Bowling Program	-	-	-	-
Cheerleading	68	-	-	68
Chicken Scratch	-	1,831	1,000	831
Chorale	189	2,388	1,536	1,041
Choristers (JV Chorale)	167	642	480	329
Class of 2016	4,829	-	4,829	-
Class of 2017	9,212	30,625	35,516	4,321
Class of 2018	6,199	15,259	15,201	6,257
Class of 2019	426	8,096	5,341	3,181
Class of 2020	-	6,985	3,048	3,937
Construction Club	890	1,340	1,040	1,190
Crafters Who Care	436	20	113	343
Cross County (Mens)	68	-	62	6
Debate Club	20	110	130	-
DECA Club	2,123	42,838	40,689	4,272
DSSS16	763	256	423	596
FEA (Future Educators of America)	331	200	36	495
Field Hockey	1,566	8,462	8,342	1,686
Fishing Club	618	1,608	499	1,727
Football Program	1	-	1	-
Gay Straight Alliance Club	421	334	126	629
Girl Up	300	576	590	286
Girls Cross Country	518	-	-	518
Girls Swimming	359	-	40	319
Green Team	605	118	100	623
Safe Celebrations	-	20,396	17,812	2,584
IHA Tri-M	180	871	811	240
Jazz Choir	160	165	281	44
Killington	632	3,434	3,348	718
Latin Club	50	-	50	-
Life Skills	93	189	245	37
Lifesmarts	210	-	210	0
Link Crew	833	4,368	3,317	1,884
Media Club	193	-	-	193
Minority Vitality	1	132	83	50
Model United Nations	690	480	252	918
Neodandquat	440	17,220	16,053	1,607
NHS- National Honor Society	396	685	702	379
Nordic Ski	1	-	1	-
Orchestra	638	348	376	610
Rodequoit	201	80	255	26
Sales Tax	3,421	3,858	4,869	2,410
Service Club	116	579	553	142
Ski Club	631	4,400	3,450	1,581
Soccer (M)	45	-	-	45
Softball Team	-	-	-	-
Student Council #1	9,994	11,874	13,251	8,617
Symphonic Band	1,258	-	-	1,258
Subtotal	\$ 50,730	\$ 192,271	\$ 185,933	\$ 57,067

*Continued on next page*

See note to financial statement.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS**  
**NET POSITION OF THE EXTRACLASSROOM ACTIVITY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(Continued)**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>Irondequoit High School (continued)</b>				
Tech Club	\$ 3,153	\$ 240	\$ -	\$ 3,393
Tennis Team (M)	120	-	-	120
Tennis Team (W)	428	-	-	428
Torque Club	1,629	757	197	2,189
Track (M)	20	3,009	2,873	156
TSTT (Today's Students, Tomorrow's Teacher)	533	200	60	673
Varsity Club	2,415	6,290	4,754	3,951
Varsity Golf	6,196	1,376	1,102	6,470
Volleyball (M)	771	-	680	91
West Irondequoit Performing Arts	7,955	47,361	38,749	16,567
Wind Ensemble	621	350	-	971
WIRQ	3,932	4,263	1,031	7,164
Women's Track	262	3,120	3,214	168
Youth Advocates Club	1,141	1,000	1,179	962
<b>Dake Middle School</b>				
Library Club	3	1,088	1,088	3
History Club	8,543	11,647	12,613	7,577
Dake Student Government	5,277	6,234	6,478	5,033
Sales Tax	239	653	680	212
Snow Sports Club	126	3,868	3,881	113
Yearbook	58	8,022	7,853	227
<b>Rogers Middle School</b>				
Spirit Club (Builder's Club)	2,158	2,875	3,682	1,351
Ice Skating	3,244	3,626	3,894	2,976
Chess Club	93	-	48	45
Snow Sports Club	642	5,358	4,163	1,837
YearBook	1,219	1,117	2,286	50
<b>Iroquois Middle School</b>				
Ski Club	762	12,865	12,878	749
Student Government	133	902	900	135
Yearbook	-	2,040	2,017	23
Subtotal	\$ 51,673	\$ 128,261	\$ 116,301	\$ 63,634
Subtotal (E3)	50,730	192,271	185,933	57,067
Total	\$ 102,403	\$ 320,532	\$ 302,234	\$ 120,702

See note to financial statement.

**WEST IRONDEQUOIT CENTRAL SCHOOL DISTRICT  
NOTE TO EXTRACLASSROOM ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The transactions of the Extraclassroom Activity Funds are not considered part of the reporting entity of the West Irondequoit Central School District (the District). Consequently, such transactions are included in the basic financial statements of the District only to the extent that cash and a corresponding liability are recorded in the Agency Fund in the District's Statement of Net Position-Fiduciary Funds at June 30, 2017.

The books and records of the District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenses are recognized when cash is disbursed.