NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2017

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

Shareholders:

Raymond F. Wager, CPA
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Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
North Rose-Wolcott Central School District, 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 North Rose-Wolcott Central School District, New York, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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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 North Rose-Wolcott Central School District, New York, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress postemployment benefit plan, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4–13 and 45–49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Rose-Wolcott Central School District, New York's basic financial statements. The accompanying supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2017 on our consideration of the North Rose-Wolcott Central School District, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Rose-Wolcott Central School District, New York's internal control over financial reporting and compliance.

Raymond F. Wager. CPA. PC

September 13, 2017

North Rose-Wolcott Central School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2017

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

Financial Highlights

At the close of the fiscal year, the total assets (what the district owns) exceeded its total liabilities (what the district owes) by $38,972,317 (net position), a decrease of $299,681 from the prior year. This decrease is primarily a result of capital expenditures.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of $16,170,187, a decrease of $1,399,718 in comparison with the prior year. This decrease is primarily a result of capital expenditures.

General revenues, which include Real Property Taxes, Non Property Taxes, State and Federal Aid, Investment Earnings, Compensation for Loss, and Miscellaneous, accounted for $26,962,908, or 90% of all revenues. Program specific revenues in the form of Charges for Services and Operating Grants and Contributions, accounted for $2,984,633, or 10% of total revenues.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The School District maintains five individual governmental funds; the General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, and the capital projects fund, which are reported as major funds. The special aid fund, the school lunch fund and the debt service fund are aggregated into a single column and reported as non-major funds.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

Government-Wide Statements

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

The two government-wide statements report the District's net position and how 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 are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

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

Financial Analysis of the School District as a Whole

Net Position

The District's combined net position was smaller on June 30, 2017 than the year before, decreasing 1% to $38,972,317, as shown in the table below.

	Governmental Activities		Total Percentage
	2017	2016	Change
ASSETS:			
Current and Other Assets	$ 18,801,841	$ 25,614,438	-26.60%
Capital Assets	29,031,428	27,869,550	4.17%
Total Assets	**$ 47,833,269**	**$ 53,483,988**	**-10.57%**
DEFERRED OUTFLOW OF RESOURCES:			
Deferred Outflow of Resources	$ 6,791,930	$ 2,679,043	153.52%
LIABILITIES:			
Long-Term Debt Obligations	$ 12,667,592	$ 12,777,691	-0.86%
Other Liabilities	2,630,732	1,785,289	47.36%
Total Liabilities	**$ 15,298,324**	**$ 14,562,980**	**5.05%**
DEFERRED INFLOW OF RESOURCES:			
Deferred Inflow of Resources	$ 354,558	$ 2,328,053	-84.77%
NET POSITION:			
Net Investment in Capital Assets	$ 21,426,961	$ 20,462,403	4.71%
Restricted For,			
Reserve for ERS	1,200,297	1,558,984	-23.01%
Liability Reserve	662,182	571,288	15.91%
Capital Reserves	1,789,347	8,875,540	-79.84%
Other Purposes	418,258	2,248,956	-81.40%
Unrestricted	13,475,272	5,554,827	142.59%
Total Net Position	**$ 38,972,317**	**$ 39,271,998**	**-0.76%**

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

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

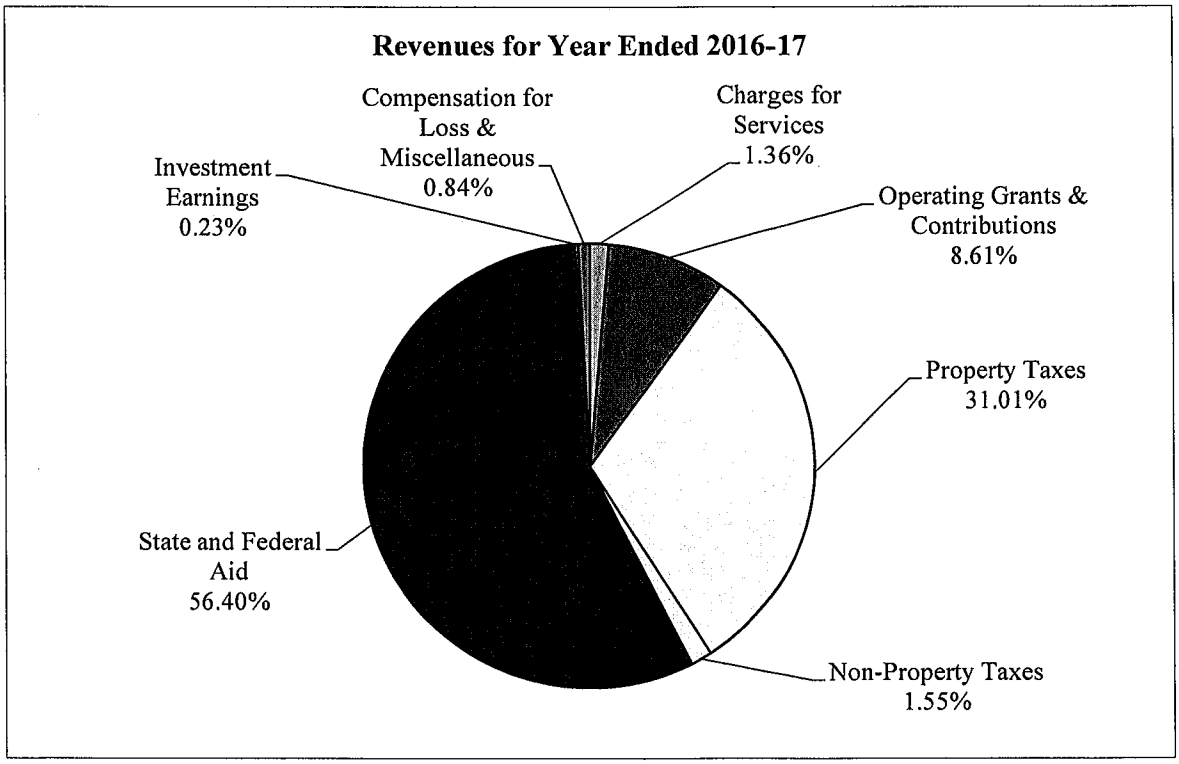
There are four restricted net asset balances, Reserve for ERS, Liability Reserve, Capital Reserves and Other Purposes, which consist of $4,070,084 of the total net position. The remaining balance is unrestricted net position, a surplus of $13,475,272.

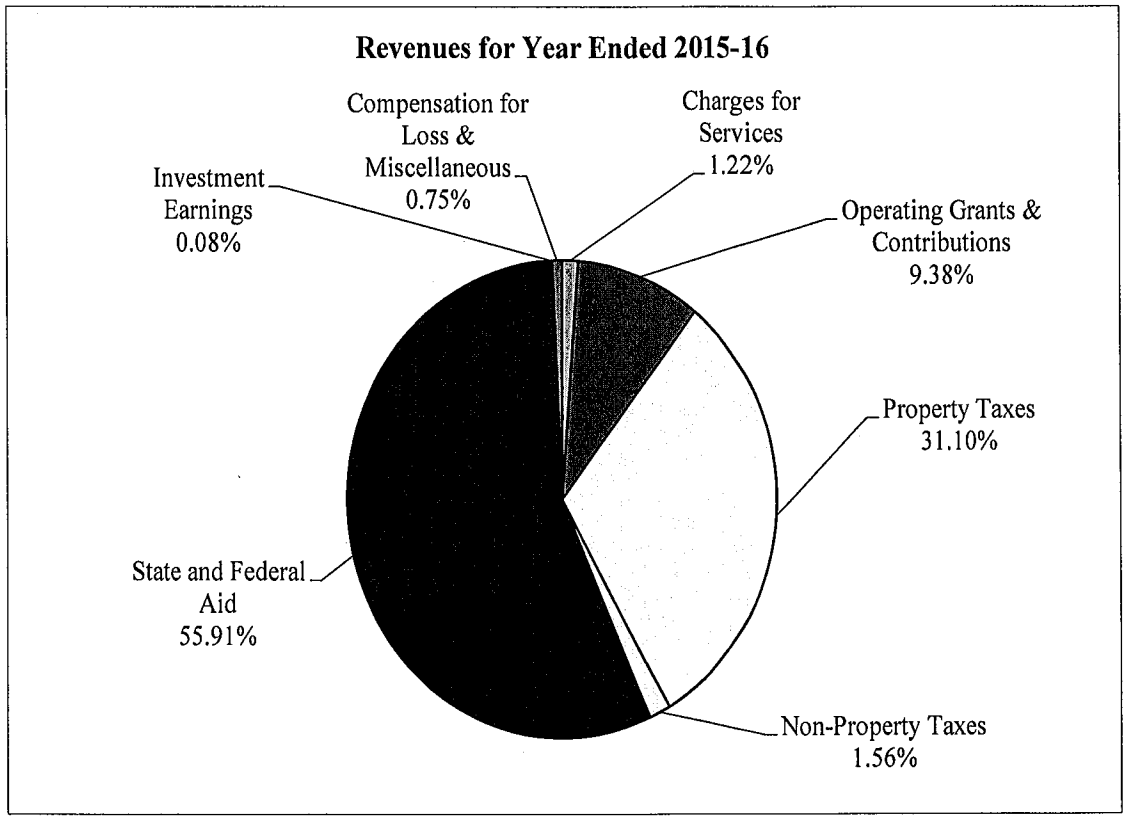
Changes in Net Position

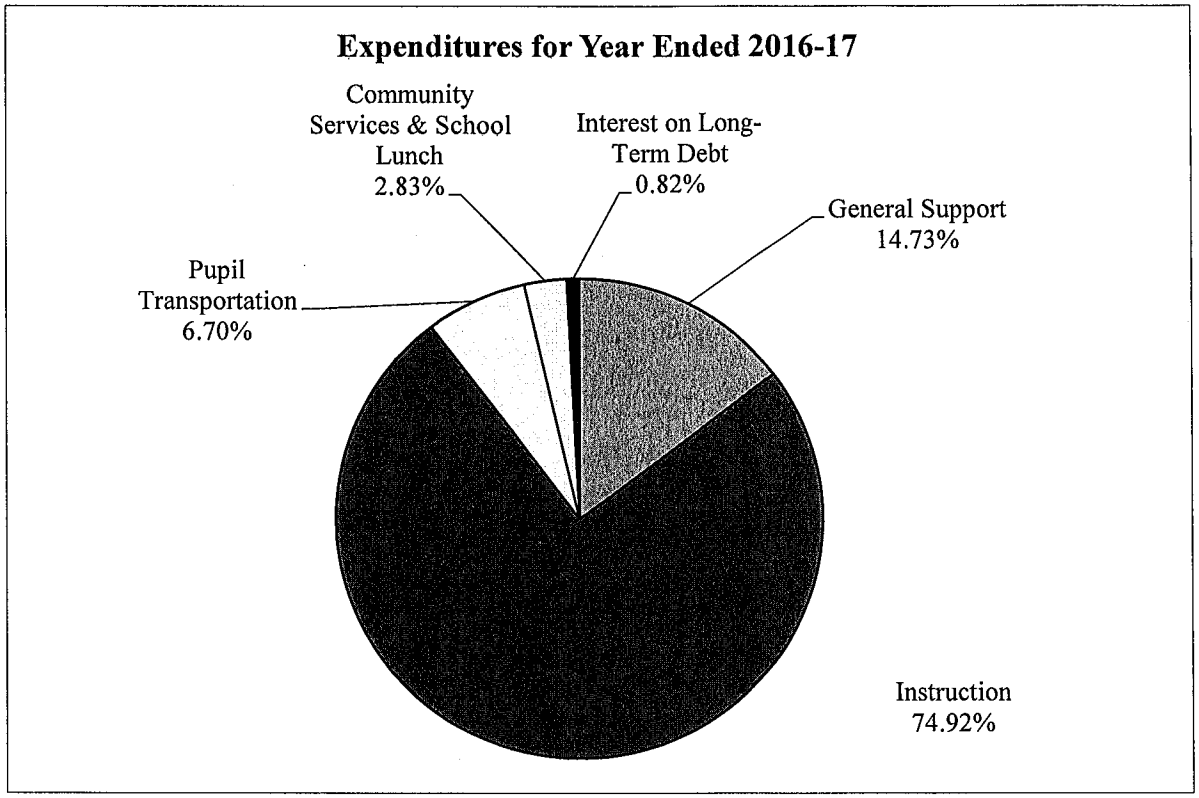
The District's total revenue increased 3% to $29,947,541. State and federal aid (56%) and property taxes (31%) accounted for most of the District's revenue. The remaining 13% of the revenue comes from operating grants, charges for services, non property taxes, investment earnings, compensation for loss, and miscellaneous revenues.

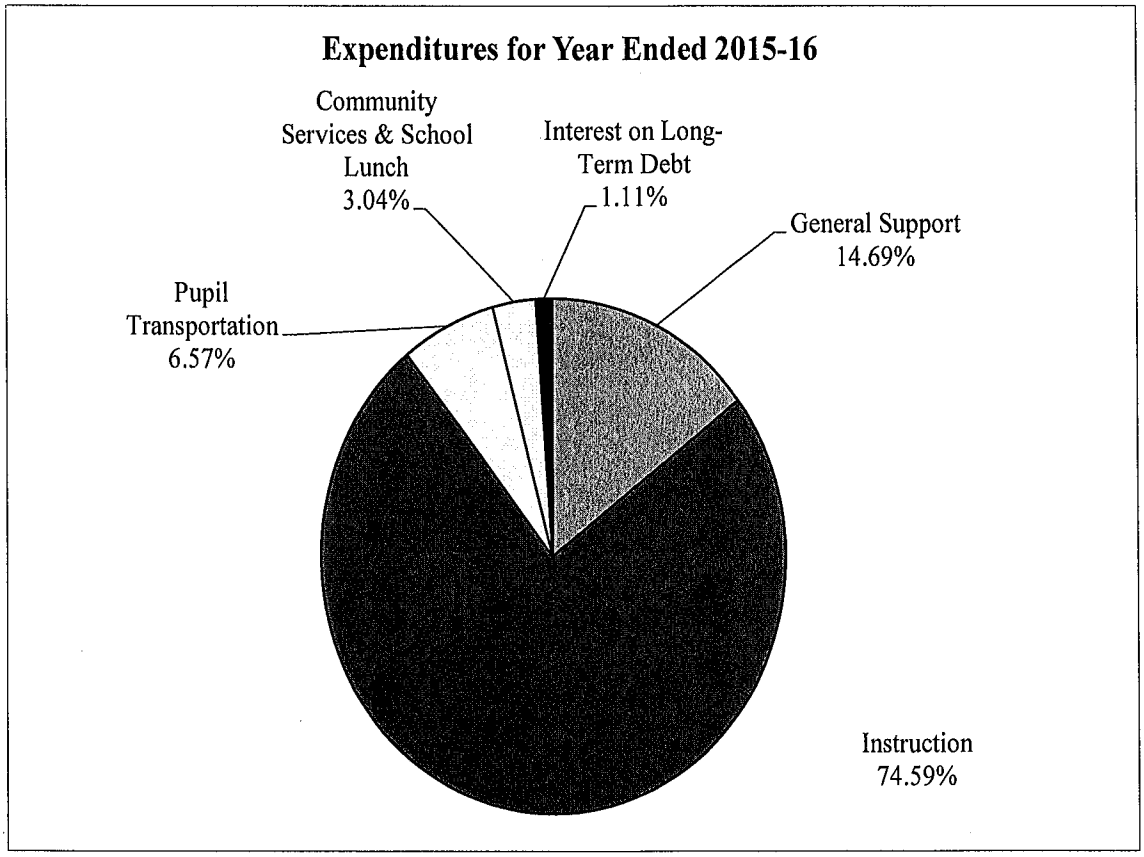
The total cost of all the programs and services increased 9% to $30,247,222. The District's expenses are predominately related to education and caring for the students, or Instruction (75%). General support, which included expenses associated with the operation, maintenance and administration of the District, accounted for 15% of the total costs. The remaining 10% of the expenditures comes from pupil transportation, community services, school lunch, and interest on long-term debt. See table below:

	Governmental Activities		Total Percentage
	2017	2016	Change
REVENUES:			
Program -			
Charges for Services	$ 406,742	$ 357,100	13.90%
Operating Grants & Contributions	2,577,891	2,739,242	-5.89%
Total Program	$ 2,984,633	$ 3,096,342	-3.61%
General -			
Property Taxes	$ 9,287,373	$ 9,082,831	2.25%
Non Property Taxes	463,968	456,535	1.63%
State and Federal Aid	16,889,028	16,326,951	3.44%
Investment Earnings	68,763	23,302	195.09%
Compensation for Loss	21,354	21,559	-0.95%
Miscellaneous	232,422	196,681	18.17%
Total General	$ 26,962,908	$ 26,107,859	3.28%
TOTAL REVENUES	**$ 29,947,541**	**$ 29,204,201**	2.55%
SPECIAL ITEM:			
Advance Refunding	$ -	$ 145,000	100.00%
EXPENSES:			
General Support	$ 4,454,612	$ 4,075,087	9.31%
Instruction	22,662,684	20,717,420	9.39%
Pupil Transportation	2,026,659	1,825,227	11.04%
Community Services	95,153	65,387	45.52%
School Lunch	759,928	779,377	-2.50%
Interest on Long-Term Debt	248,186	311,032	-20.21%
TOTAL EXPENSES	**$ 30,247,222**	**$ 27,773,530**	8.91%
INCREASE IN NET POSITION	**$ (299,681)**	**$ 1,575,671**	-119.02%


Revenues for Year Ended 2016-17
Compensation for Loss & Miscellaneous 0.84%
Charges for Services 1.36%
Investment Earnings 0.23%
Operating Grants & Contributions 8.61%
Property Taxes 31.01%
State and Federal Aid 56.40%
Non-Property Taxes 1.55%


Revenues for Year Ended 2015-16
Compensation for Loss & Miscellaneous 0.75%
Charges for Services 1.22%
Investment Earnings 0.08%
Operating Grants & Contributions 9.38%
Property Taxes 31.10%
State and Federal Aid 55.91%
Non-Property Taxes 1.56%


Expenditures for Year Ended 2016-17
Community Services & School Lunch 2.83%
Interest on Long-Term Debt 0.82%
General Support 14.73%
Pupil Transportation 6.70%
Instruction 74.92%


Expenditures for Year Ended 2015-16
Community Services & School Lunch 3.04%
Interest on Long-Term Debt 1.11%
General Support 14.69%
Pupil Transportation 6.57%
Instruction 74.59%

Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of $16,170,187, which is less than last year's ending fund balance of $17,569,905.

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was $6,242,158. Fund balance for the General Fund decreased by $9,389,563 compared with the prior year. See table below:

General Fund Balances:	2017	2016	Variance
Nonspendable	$ 878,857	$ 972,138	$ (93,281)
Restricted	4,069,482	13,254,419	(9,184,937)
Assigned	177,531	307,473	(129,942)
Unassigned	1,116,288	1,097,691	18,597
Total General Fund Balances	**$ 6,242,158**	**$ 15,631,721**	**$ (9,389,563)**

The District appropriated funds from the following reserves for the 2017-18 budget:

Unemployment	$ 11,848
Retirement Contribution	360,552
Employee Benefit	10,000
Total	**$ 382,400**

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was $10,512,573. This change is attributable to $307,473 of carryover encumbrances from the 2015-16 school year, $5,100 for donations, $9,500,000 for voter approved transfer to capital fund, and $700,000 for emergency boiler project.

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

Revenues Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
State Sources	($126,116)	BOCES aid was less than anticipated.

Expenditure Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
Instruction, Administration and Improvement	$154,436	Increased BOCES in-service training.
Teaching-Regular School	$171,597	Increased professional staff.
Programs for Children with Handicapping Conditions	($408,321)	High cost special education students moved out of District. Elimination of a special education administrator.
Employee Benefits	($465,708)	Budgeted fund balance moved to salary codes to encumber employee raises associated with unsettled contract.
Transfers-Out	$10,662,441	Over $10.5 million moved to capital fund for emergency boiler plant replacement, upcoming $30.59 million capital project and bus purchases.

Expenditure Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Teaching-Regular School	$289,857	Vacant teaching positions.
Programs for Children with Handicapping Conditions	$271,661	High cost students moved out of District.
Instructional Media	$115,520	Vacant librarian position and vacant technology coordinator position.
Pupil Services	$122,247	Vacant psychologist position and vacant secretarial position.
Pupil Transportation	$151,222	Decrease in contractual expenses (fuel)
Employee Benefits	$185,424	Decrease in benefit expense.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2016-17 fiscal year, the District had invested $29,031,428 in a broad range of capital assets, including land, work in progress, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	2017	2016
Land	$ 190,188	$ 190,188
Work in Process	1,001,555	158,676
Buildings and Improvements	24,814,246	24,632,214
Machinery and Equipment	3,025,439	2,888,472
Total	**$ 29,031,428**	**$ 27,869,550**

Long-Term Debt

At year end, the District had $11,735,210 in general obligation bonds and other long-term debt outstanding as follows:

Type	2017	2016
Serial Bonds	$ 7,725,000	$ 8,720,000
OPEB	1,966,850	1,966,850
Net Pension Liability	1,422,673	1,478,299
Other Long-term Liability	580,000	580,000
Compensated Absences	40,687	32,542
Total Long-Term Obligations	**$ 11,735,210**	**$ 12,777,691**

Factors Bearing on the District's Future

The District will continue to face fiscal challenges with unpredictable costs in the areas of energy and employee benefits. The economic uncertainty and fiscal stress at the state level will impact financial planning models. The District's approach to conservative budgeting and long-range planning for large capital expenditures will aid in easing the financial burden in these areas. Capital improvements and long-term planning will continue to be a major point of emphasis in the 2017-18 year as the District continues to work on improving and upgrading its facilities to meet the needs of the students, staff, and community. Major capital project work will take place within the next three years.

Contacting the School District's Financial Management

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

North Rose - Wolcott Central School District
Attn: Robert Magin
Assistant Superintendent for Business and Operations
11631 Salter Colvin Road
Wolcott, New York 14590

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Net Position

June 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 16,310,256
Accounts receivable	2,071,066
Inventories	34,020
Prepaid items	386,499
Capital Assets:	
Land	190,188
Work in progress	1,001,555
Other capital assets (net of depreciation)	27,839,685
TOTAL ASSETS	**$ 47,833,269**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	**$ 6,791,930**
LIABILITIES	
Accounts payable	$ 996,058
Accrued liabilities	377,679
Unearned revenues	21,022
Due to other governments	42
Due to teachers' retirement system	1,143,568
Due to employees' retirement system	92,363
Long-Term Obligations:	
Due in one year	1,030,172
Due in more than one year	11,637,420
TOTAL LIABILITIES	**$ 15,298,324**
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	**$ 354,558**
NET POSITION	
Net investment in capital assets	$ 21,426,961
Restricted For:	
Reserve for employee retirement system	1,200,297
Liability reserve	662,182
Capital reserves	1,789,347
Other purposes	418,258
Unrestricted	13,475,272
TOTAL NET POSITION	**$ 38,972,317**

(See accompanying notes to financial statements)

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Activities and Changes in Net Position

For Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government -				
General support	$ 4,454,612	$ -	$ -	$ (4,454,612)
Instruction	22,662,684	255,194	2,042,227	(20,365,263)
Pupil transportation	2,026,659	-	-	(2,026,659)
Community services	95,153	-	-	(95,153)
School lunch	759,928	151,548	535,664	(72,716)
Interest	248,186	-	-	(248,186)
Total Primary Government	**$ 30,247,222**	**$ 406,742**	**$ 2,577,891**	**$ (27,262,589)**

General Revenues:	
Property taxes	$ 9,287,373
Non property taxes	463,968
State and federal aid	16,889,028
Investment earnings	68,763
Compensation for loss	21,354
Miscellaneous	232,422
Total General Revenues	**$ 26,962,908**
Changes in Net Position	$ (299,681)
Net Position, Beginning of Year	39,271,998
Net Position, End of Year	**$ 38,972,317**

(See accompanying notes to financial statements)

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2017

ASSETS	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 15,509,520	$ 713,300	$ 87,436	$ 16,310,256
Receivables	1,313,588	-	757,478	2,071,066
Inventories	-	-	34,020	34,020
Due from other funds	750,283	9,077,402	50,824	9,878,509
Prepaid items	374,731	-	11,768	386,499
TOTAL ASSETS	**$ 17,948,122**	**$ 9,790,702**	**$ 941,526**	**$ 28,680,350**
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	$ 970,132	$ 9,950	$ 15,976	$ 996,058
Accrued liabilities	356,409	-	12,020	368,429
Due to other funds	9,125,291	253	752,965	9,878,509
Due to other governments	-	-	42	42
Due to TRS	1,143,568	-	-	1,143,568
Due to ERS	92,363	-	-	92,363
Compensated absences	10,172	-	-	10,172
Unearned revenue	8,029	-	12,993	21,022
TOTAL LIABILITIES	**$ 11,705,964**	**$ 10,203**	**$ 793,996**	**$ 12,510,163**
Fund Balances -				
Nonspendable	$ 878,857	$ -	$ 45,788	$ 924,645
Restricted	4,069,482	9,780,499	602	13,850,583
Committed	-	-	-	-
Assigned	177,531	-	101,140	278,671
Unassigned	1,116,288	-	-	1,116,288
TOTAL FUND BALANCE	**$ 6,242,158**	**$ 9,780,499**	**$ 147,530**	**$ 16,170,187**
TOTAL LIABILITIES AND FUND BALANCES	**$ 17,948,122**	**$ 9,790,702**	**$ 941,526**	

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,031,428
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(9,250)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(7,725,000)
OPEB	(2,899,232)
Compensated absences	(30,515)
Other long term liability	(580,000)
Deferred outflow - pension	6,791,930
Net pension liability	(1,422,673)
Deferred inflow - pension	(354,558)
Net Position of Governmental Activities	**$ 38,972,317**

(See accompanying notes to financial statements)

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For Year Ended June 30, 2017

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes and tax items	$ 9,287,373	$ -	$ -	$ 9,287,373
Non-property taxes	463,968	-	-	463,968
Charges for services	255,194	-	-	255,194
Use of money and property	68,510	-	253	68,763
Sale of property and compensation for loss	21,354	-	-	21,354
Miscellaneous	225,042	-	11,923	236,965
State sources	16,811,672	-	795,692	17,607,364
Federal sources	77,356	-	1,777,656	1,855,012
Sales	-	-	151,548	151,548
TOTAL REVENUES	**$ 27,210,469**	**$ -**	**$ 2,737,072**	**$ 29,947,541**
EXPENDITURES				
General support	$ 3,464,977	$ -	$ -	$ 3,464,977
Instruction	14,125,732	-	1,662,895	15,788,627
Pupil transportation	1,027,725	462,136	34,030	1,523,891
Community services	78,619	-	-	78,619
Employee benefits	5,865,779	-	501,968	6,367,747
Debt service - principal	995,000	-	-	995,000
Debt service - interest	249,325	-	-	249,325
Cost of sales	-	-	336,693	336,693
Other expenses	-	-	248,505	248,505
Capital outlay	-	2,293,875	-	2,293,875
TOTAL EXPENDITURES	**$ 25,807,157**	**$ 2,756,011**	**$ 2,784,091**	**$ 31,347,259**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,403,312	$ (2,756,011)	$ (47,019)	$ (1,399,718)
OTHER FINANCING SOURCES (USES)				
Transfers - in	$ 40,225	$ 10,762,441	$ 70,659	$ 10,873,325
Transfers - out	(10,833,100)	(40,225)	-	(10,873,325)
TOTAL OTHER FINANCING SOURCES (USES)	**$ (10,792,875)**	**$ 10,722,216**	**$ 70,659**	**$ -**
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	**$ (9,389,563)**	**$ 7,966,205**	**$ 23,640**	**$ (1,399,718)**
FUND BALANCE, BEGINNING OF YEAR	15,631,721	1,814,294	123,890	17,569,905
FUND BALANCE, END OF YEAR	**$ 6,242,158**	**$ 9,780,499**	**$ 147,530**	**$ 16,170,187**

(See accompanying notes to financial statements)

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities

For Year Ended June 30, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ (1,399,718)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets exceeded depreciation in the current period:		
Capital Outlay	$ 2,293,875	
Additions to Assets, Net	654,940	
Depreciation	(1,786,937)	
		1,161,878
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:		
Debt Repayments		995,000
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		1,139
The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		(932,383)
(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds		
Teachers' Retirement System		(19,222)
Employees' Retirement System		(100,266)
In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:		
Compensated Absences		(6,109)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		**$ (299,681)**

(See accompanying notes to financial statements)

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2017

	Private Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	$ 79,818	$ 828,684
Receivable from general fund	-	403
TOTAL ASSETS	**$ 79,818**	**$ 829,087**
LIABILITIES		
Extraclassroom activity balances	$ -	$ 120,820
Other liabilities	-	708,267
TOTAL LIABILITIES	**$ -**	**$ 829,087**
NET POSITION		
Restricted for scholarships	$ 79,818	
TOTAL NET POSITION	**$ 79,818**	

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2017

	Private Purpose Trust
ADDITIONS	
Contributions	$ 12,020
Investment earnings	57
TOTAL ADDITIONS	**$ 12,077**
DEDUCTIONS	
Other expenses	$ 5,812
TOTAL DEDUCTIONS	**$ 5,812**
CHANGE IN NET POSITION	$ 6,265
NET POSITION, BEGINNING OF YEAR	73,553
NET POSITION, END OF YEAR	**$ 79,818**

(See accompanying notes to financial statements)

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

1. Extraclassroom Activity Funds

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

B. Joint Venture

The District is a component of the Wayne - Finger Lakes (BOCES). The BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

During the year, the District was billed $5,261,878 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $1,481,420.

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

C. Basis of Presentation

1. Districtwide Statements

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

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

2. Fund Statements

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

The District reports the following governmental funds:

a. **Major Governmental Funds**

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

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

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

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

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

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 09, 2016. Taxes are collected during the period September 1, 2016 to October 31, 2016.

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

F. Restricted Resources

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

G. Interfund Transactions

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

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

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

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

H. Estimates

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

I. Cash and Cash Equivalents

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

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

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

J. Receivables

Receivables are shown net of an allowance for uncollectible accounts, when applicable.

No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. Inventory and Prepaid Items

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

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

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

L. Capital Assets

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of $2,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

Class	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 50,000	SL	25-50 Years
Machinery and Equipment	$ 2,000	SL	5-20 Years

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

M. Unearned Revenue

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

N. Deferred Outflows and Inflows of Resources

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

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

O. Vested Employee Benefits

1. Compensated Absences

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

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

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

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

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

P. Other Benefits

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

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

Q. Accrued Liabilities and Long-Term Obligations

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

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

R. Equity Classifications

1. District-Wide Statements

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

a. **Net Investment in Capital Assets** - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

		Total
Workers' Compensation	$	226,573
Unemployment Costs		111,690
Accrued Benefit Liability Reserve		79,393
Debt		602
Total Net Position - Restricted for Other Purposes	**$**	**418,258**

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

2. **Fund Statements**

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

a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes:

		Total
Inventory in school lunch	$	45,788
Prepaid items		374,731
Noncurrent receivables		504,126
Total Nonspendable Fund Balance	**$**	**924,645**

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

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

Name of Reserve	Maximum Funding	Total Funding Provided	Total Year to Date Balance
2016 Capital Bus Reserve	$ 2,500,000	$ 1,909,399	$ 1,450,457
2017 Capital Building Reserve	$ 5,000,000	$ 338,819	$ 338,890

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

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

Liability Reserve - According to General Municipal Law §1709(8) (c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or $15,000, whichever is greater.

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

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

Workers' Compensation Reserve - According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

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

Restricted fund balances include the following:

General Fund -		
Capital	$	1,789,347
Employee Benefit Accrued Liability		79,393
Liability		662,182
Retirement Contribution		1,200,297
Unemployment Insurance		111,690
Workers' Compensation		226,573
Capital Fund -		
Bus Purchases		461,520
Capital Additions		9,318,979
Debt Service Fund -		
Debt Service		602
Total Restricted Funds	**$**	**13,850,583**

The District appropriated and/or budgeted funds from the following reserves for the 2017-18 budget:

Unemployment	$	11,848
Retirement Contribution		360,552
Employee Benefit		10,000
Total	**$**	**382,400**

c. **Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2017.

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

Significant encumbrances for the general fund, management has determined that amounts in excess of $40,000 are considered significant and are summarized below:

- $49,951 for central services, $54,244 for teaching-regular school, and $45,081 for handicapped services.

Assigned fund balances include the following:

General Fund-Encumbrances	$	177,531
School Lunch Fund-Year End Equity		101,140
Total Assigned Fund Balance	**$**	**278,671**

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

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

3. Order of Use of Fund Balance

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

S. New Accounting Standards

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

The GASB has issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 57, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for the year ended June 30, 2017.

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

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

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

T. Future Changes in Accounting Standards

GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

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

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

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

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

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

II. Stewardship, Compliance and Accountability

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

A. Budgets

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

The voters of the District approved the proposed appropriation budget.

Appropriations are adopted at the program line item level.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2016-17 fiscal year, the budget was increased by $307,473 for carry over encumbrances, $5,100 for gifts and donations, $9,500,000 for a voter approved transfer to the capital fund, and $700,000 for an emergency boiler project.

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

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

B. Encumbrances

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

III. Cash and Cash Equivalents

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

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

Uncollateralized	$ -
Collateralized with securities held by the pledging financial institution	8,399,402
Collateralized within Trust department or agent	8,135,871
Total	**$ 16,535,273**

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $13,850,583 within the governmental funds and $79,818 in the fiduciary funds.

IV. Receivables

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

	Governmental Activities			
Description	General Fund	Special Aid Fund	Non-Major Funds	Total
Accounts Receivable	$ 99,282	$ 3,120	$ 355	$ 102,757
Due From State and Federal	454,963	716,480	37,523	1,208,966
Due From Other Governments	759,343	-		759,343
Total	**$ 1,313,588**	**$ 719,600**	**$ 37,878**	**$ 2,071,066**

District management has deemed the amounts to be fully collectible.

V. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2017 were as follows:

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General Fund	$ 750,283	$ 9,125,291	$ 40,225	$ 10,833,100
Special Aid Fund	47,889	752,965	52,478	-
Debt Service	253	-	-	-
School Lunch Fund	2,682	-	18,181	-
Capital Projects Fund	9,077,402	253	10,762,441	40,225
Total government activities	**$ 9,878,509**	**$ 9,878,509**	**$ 10,873,325**	**$ 10,873,325**

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

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

VI. Capital Assets

Capital asset balances and activity were as follows:

Type	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017
Governmental Activities:				
Capital assets that are not depreciated -				
Land	$ 190,188	$ -	$ -	$ 190,188
Work in progress	158,676	2,293,875	(1,450,996)	1,001,555
Total Nondepreciable	$ 348,864	$ 2,293,875	$ (1,450,996)	$ 1,191,743
Capital assets that are depreciated -				
Buildings and improvements	$ 48,770,475	$ 1,450,996	$ -	$ 50,221,471
Machinery and equipment	7,983,704	829,284	(548,971)	8,264,017
Total Depreciated Assets	$ 56,754,179	$ 2,280,280	$ (548,971)	$ 58,485,488
Less accumulated depreciation -				
Buildings and improvements	$ 24,138,261	$ 1,268,964	$ -	$ 25,407,225
Machinery and equipment	5,095,232	517,973	(374,627)	5,238,578
Total accumulated depreciation	$ 29,233,493	$ 1,786,937	$ (374,627)	$ 30,645,803
Total capital assets depreciated, net of accumulated depreciation	$ 27,520,686	$ 493,343	$ (174,344)	$ 27,839,685
Total Capital Assets	**$ 27,869,550**	**$ 2,787,218**	**$ (1,625,340)**	**$ 29,031,428**

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

Governmental Activities:	
General government support	$ 289,212
Instruction	927,836
Pupil transportation	513,784
School lunch	56,105
Total Depreciation Expense	**$ 1,786,937**

VII. Long-Term Debt Obligations

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

Governmental Activities:	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017	Due Within One Year
Bonds and Notes Payable -					
Serial Bonds	$ 8,720,000	$ -	$ 995,000	$ 7,725,000	$ 1,020,000
Other Liabilities -					
OPEB Liability	$ 1,966,850	$ 932,382	$ -	$ 2,899,232	$ -
Net Pension Liability	1,478,299	-	55,626	1,422,673	-
Other Long-Term Liability	580,000	-	-	580,000	-
Compensated Absences	32,542	8,145	-	40,687	10,172
Total Other Liabilities	$ 4,057,691	$ 940,527	$ 55,626	$ 4,942,592	$ 10,172
Total Long-Term Obligations	**$ 12,777,691**	**$ 940,527**	**$ 1,050,626**	**$ 12,667,592**	**$ 1,030,172**

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

Existing serial and statutory bond obligations:

Description	Issue Date	Final Maturity	Interest Rate	Amount Outstanding 6/30/2017
Serial Bonds -				
Refunding	2016	2019	2.00%-4.00%	$ 7,725,000
Total Serial Bonds				**$ 7,725,000**

The following is a summary of debt service requirements:

	Serial Bonds	
Year	Principal	Interest
2018	$ 1,020,000	$ 222,000
2019	1,050,000	191,400
2020	1,080,000	159,900
2021	1,105,000	138,300
2022	1,130,000	116,200
2023-24	2,340,000	141,400
Total	**$ 7,725,000**	**$ 969,200**

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. $5,810,000 of bonds outstanding are considered defeased.

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

Interest paid	$	249,325
Less: interest accrued in the prior year		(10,389)
Plus: interest accrued in the current year		9,250
Total interest expense	**$**	**248,186**

VIII. Pension Plans

A. General Information

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

B. Provisions and Administration

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

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

C. Funding Policies

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

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

Contributions	ERS	TRS
2017	$ 360,552	$ 1,143,568

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

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

	ERS	TRS
Measurement date	March 31, 2017	June 30, 2016
Net pension assets/(liability)	$ (784,364)	$ (638,309)
District's portion of the Plan's total net pension asset/(liability)	0.0083476%	0.0595970%

For the year ended June 30, 2017, the District recognized pension expenses of $364,781 for ERS and $1,064,633 for TRS. At June 30, 2017 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expended and actual experience	$ 19,655	$ -	$ 119,110	$ 207,359
Changes of assumptions	267,967	3,636,214	-	-
Net difference between projected and actual earnings on pension plan investments	156,669	1,435,254	-	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	68,227	57,136	28,089	-
Subtotal	$ 512,518	$ 5,128,604	$ 147,199	$ 207,359
District's contributions subsequent to the measurement date	92,363	1,058,445	-	-
Grand Total	**$ 604,881**	**$ 6,187,049**	**$ 147,199**	**$ 207,359**

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

Year	ERS	TRS
2017	$ -	$ 452,767
2018	164,630	452,767
2019	164,630	1,567,425
2020	142,230	1,220,623
2021	(106,171)	564,582
Thereafter	-	663,081
Total	**$ 365,319**	**$ 4,921,245**

E. Actuarial Assumptions

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

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

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

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

Long Term Expected Rate of Return

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

F. Discount Rate

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7% for ERS and 7.5% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6% for ERS and 6.5% for TRS) or 1-percentagepoint higher (8% for ERS and 8.5% for TRS) than the current rate :

ERS	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
Employer's proportionate share of the net pension asset (liability)	$ (2,505,102)	$ (784,364)	$ 670,518

TRS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension asset (liability)	$ (8,328,190)	$ (638,309)	$ 5,811,561

H. Pension Plan Fiduciary Net Position

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

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

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to $92,363.

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 $1,143,568.

IX. Postemployment Benefits

The District provides postemployment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

The District implemented GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the school year ended June 30, 2009. This required the District to calculate and record a net other postemployment benefit obligation at year end. The net other postemployment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the general fund of the funds financial statements as payments are made. For the year ended June 30, 2017 the District recognized $624,505 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of June 30, 2017 which indicates that the total liability for other postemployment benefits is $2,899,232.

Annual OPEB Cost and Net OPEB Obligation - The District's annual other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation by governmental activities:

Annual required contribution	$ 1,588,789
Interest on net OPEB obligation	81,711
Adjustment to annual required contribution	(113,613)
Annual OPEB cost (expense)	$ 1,556,887
Contributions made	624,505
Increase in net OPEB obligation	$ 932,382
Net OPEB obligation - beginning of year	1,966,850
Net OPEB obligation - end of year	**$ 2,899,232**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year end 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2017	$ 1,556,887	40.11%	$ 2,899,232
6/30/2016	$ 1,489,348	69.09%	$ 1,966,850
6/30/2015	$ 1,571,602	65.48%	$ 1,506,535

Funded Status and Funding Progress - As of June 30, 2017, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $13,816,094, and the actuarial value of assets was $0 resulting in an unfunded actuarial accrued liability of $13,816,094. The covered payroll (annual payroll of active employees covered by the plan) was $8,413,502, and the ratio of the UAAL to the covered payroll was 164.21%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each No valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2017 actuarial valuation, the Projected Unit Credit Actuarial Cost Method was used. The discount rate used was 3%. Because the plan is unfunded, reference to the general assets was considered in the selections of the four percent rate. The annual healthcare cost trend rate is 7.5% initially, reduced by decrements to an ultimate rate of 4.5% in 2022. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017, was twenty-one years.

X. Risk Management

A. General Information

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

B. Workers' Compensation

The District incurs costs related to the Wayne-Finger Lakes Area School Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services, of Ontario, Seneca, Yates, Cayuga and Wayne Counties and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Ontario, Seneca, Yates, Cayuga and Wayne Counties 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 the 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 Wayne Finger Lakes BOCES and twenty-two 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 shall be charged to a participant other than the annual assessment. 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 to limit its exposure for claims paid.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2017, the North Rose - Wolcott Central School District incurred premiums or contribution expenditures totaling $229,561.

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, revealed that the Plan is underfunded.

C. Dental Coverage

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

A reconciliation of the claims recorded for 2017 and 2016 are as follows:

	2017	2016
Beginning liabilities	$ -	$ -
Incurred claims	51,444	55,321
Claims payments	(51,444)	(55,321)
Ending liabilities	$ -	$ -

The Plan has available fund balance totaling $165,080 at June 30, 2017.

The following statistical information is presented:

Year	Contribution Revenue	Actual Claim Expense
2017	$ 51,444	$ 51,444
2016	$ 55,321	$ 55,321
2015	$ 61,657	$ 61,657
2014	$ 65,820	$ 65,820
2013	$ 70,638	$ 70,638
2012	$ 71,270	$ 71,270
2011	$ 73,460	$ 73,460
2010	$ 66,318	$ 66,318
2009	$ 70,790	$ 70,790
2008	$ 70,643	$ 70,643

D. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self-insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2016-17 fiscal year totaled $18,385. The balance of the fund at June 30, 2017 was $111,690 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2017, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XI. Commitments and Contingencies

A. Litigation

There is no litigation pending against the District as of the balance sheet date.

B. Grants

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

XII. Tax Abatement

The County of Wayne IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result the district property tax revenue was reduced $93,797. The District received payment in lieu of tax (PILOT) payment totaling $57,959 to help offset the property tax reduction. The total net tax abated was $35,838.

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

Actuarial Valuation Date June 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL As a Percentage of Covered Payroll (4) / (5)
2009	$ -	$ 5,427,284	0.00%	$ 5,427,284	$ 13,760,384	39.44%
2012	$ -	$ 4,705,903	0.00%	$ 4,705,903	$ 11,751,317	40.05%
2013	$ -	$ 5,835,637	0.00%	$ 5,835,637	$ 12,034,244	48.49%
2015	$ -	$ 14,672,180	0.00%	$ 14,672,180	$ 12,295,653	119.33%
2017	$ -	$ 13,816,094	0.00%	$ 13,816,094	$ 8,413,502	164.21%

Required Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of the District's Proportionate Share of the Net Pension Liability

(Unaudited)

For Year Ended June 30, 2017

NYSERS Pension Plan

	2017	2016	2015
Proportion of the net pension liability (assets)	0.0083%	0.0092%	0.0089%
Proportionate share of the net pension liability (assets)	$ 784,364	$ 1,478,299	$ 300,991
Covered-employee payroll	$ 2,447,489	$ 2,496,220	$ 2,517,708
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	32.048%	59.222%	11.955%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%

NYSTRS Pension Plan

	2017	2016	2015
Proportion of the net pension liability (assets)	0.0596%	0.0603%	0.0608%
Proportionate share of the net pension liability (assets)	$ 638,309	$ (6,261,497)	$ (6,768,114)
Covered-employee payroll	$ 9,333,046	$ 9,296,560	$ 9,206,922
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	6.839%	-67.353%	-73.511%
Plan fiduciary net position as a percentage of the total pension liability	99.01%	110.46%	111.48%

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

NYSERS Pension Plan

	2017	2016	2015
Contractually required contributions	$ 360,552	$ 438,621	$ 475,431
Contributions in relation to the contractually required contribution	(360,552)	(438,621)	(475,431)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 2,447,489	$ 2,496,220	$ 2,517,708
Contributions as a percentage of covered-employee payroll	14.73%	17.57%	18.88%

NYSTRS Pension Plan

	2017	2016	2015
Contractually required contributions	$ 1,143,568	$ 1,302,496	$ 1,665,618
Contributions in relation to the contractually required contribution	(1,143,568)	(1,302,496)	(1,665,618)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 9,333,046	$ 9,206,922	$ 9,206,922
Contributions as a percentage of covered-employee payroll	12.25%	14.15%	18.09%

Required Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund

(Unaudited)

For Year Ended June 30, 2017

	Original Budget	Amended Budget	Current Year's Revenues	Over (Under) Revised Budget
REVENUES				
Local Sources -				
Real property taxes	$ 9,208,861	$ 7,838,458	$ 7,838,458	$ -
Real property tax items	48,655	1,448,915	1,448,915	-
Non-property taxes	440,000	463,968	463,968	-
Charges for services	175,860	171,623	255,194	83,571
Use of money and property	14,000	56,976	68,510	11,534
Sale of property and compensation for loss	100	21,354	21,354	-
Miscellaneous	135,000	225,042	225,042	-
State Sources -				
Basic formula	15,214,592	13,190,814	13,190,814	-
Lottery aid	-	2,018,972	2,018,972	-
BOCES	1,602,810	1,481,420	1,481,420	-
Textbooks	73,508	73,687	73,687	-
All Other Aid -				
Computer software	39,010	38,936	38,936	-
Library loan	7,868	7,843	7,843	-
Federal Sources	150,000	77,356	77,356	-
TOTAL REVENUES	$ 27,110,264	$ 27,115,364	$ 27,210,469	$ 95,105
Other Sources -				
Transfer - in	$ -	$ -	$ 40,225	$ 40,225
TOTAL REVENUES AND OTHER SOURCES	$ 27,110,264	$ 27,115,364	$ 27,250,694	$ 135,330
Appropriated reserves	$ 535,000	$ 535,000		
Appropriated fund balance	$ -	$ 10,200,000		
Prior year encumbrances	$ 307,473	$ 307,473		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	**$ 27,952,737**	**$ 38,157,837**		

(See Independent Auditors' Report)

Required Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget (Non-GAAP Basis) and Actual - General Fund

(Unaudited)

For Year Ended June 30, 2017

	Original Budget	Amended Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
EXPENDITURES					
General Support -					
Board of education	$ 21,550	$ 22,400	$ 19,258	$ -	$ 3,142
Central administration	274,181	271,631	269,758	194	1,679
Finance	488,286	500,640	483,037	13,323	4,280
Staff	161,439	189,040	176,642	1,591	10,807
Central services	2,242,522	2,212,472	2,144,231	49,951	18,290
Special items	298,645	373,498	372,051	-	1,447
Instructional -					
Instruction, administration and improvement	1,206,534	1,360,970	1,329,373	1,566	30,031
Teaching - regular school	6,225,950	6,397,547	6,053,446	54,244	289,857
Programs for children with handicapping conditions	4,380,167	3,971,846	3,655,104	45,081	271,661
Occupational education	527,592	527,592	512,592	-	15,000
Teaching - special schools	261,970	261,970	173,942	-	88,028
Instructional media	1,492,452	1,492,029	1,367,510	8,999	115,520
Pupil services	1,152,179	1,156,083	1,033,765	71	122,247
Pupil Transportation	1,175,827	1,179,052	1,027,725	105	151,222
Community Services	101,997	102,888	78,619	2,406	21,863
Employee Benefits	6,516,911	6,051,203	5,865,779	-	185,424
Debt service - principal	995,000	995,000	995,000	-	-
Debt service - interest	249,325	249,325	249,325	-	-
TOTAL EXPENDITURES	$ 27,772,527	$ 27,315,186	$ 25,807,157	$ 177,531	$ 1,330,498
Other Uses -					
Transfers - out	$ 180,210	$ 10,842,651	$ 10,833,100	$ -	$ 9,551
TOTAL EXPENDITURES AND OTHER USES	$ 27,952,737	$ 38,157,837	$ 36,640,257	$ 177,531	$ 1,340,049
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ -	$ -	$ (9,389,563)		
FUND BALANCE, BEGINNING OF YEAR	15,631,721	15,631,721	15,631,721		
FUND BALANCE, END OF YEAR	$ 15,631,721	$ 15,631,721	$ 6,242,158		

Note to Required Supplementary Information:

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

Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of Change From Adopted Budget To Final Budget And The Real Property Tax Limit For Year Ended June 30, 2017

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget	$ 27,645,264
Prior year's encumbrances	307,473
Original Budget	$ 27,952,737
Budget revisions -	
Donations	5,100
Voter approved transfer to capital fund	9,500,000
Emergency boiler project	700,000
FINAL BUDGET	**$ 38,157,837**

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2017-18 voter approved expenditure budget		$ 27,907,192
Unrestricted fund balance:		
Assigned fund balance	$ 177,531	
Unassigned fund balance	1,116,288	
Total Unrestricted fund balance	$ 1,293,819	
Less adjustments:		
Encumbrances included in assigned fund balance	$ 177,531	
Total adjustments	$ 177,531	
General fund fund balance subject to Section 1318 of Real Property Tax Law		1,116,288
ACTUAL PERCENTAGE		**4.00%**

Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND

Schedule of Project Expenditures

June 30, 2017

			Expenditures				Methods of Financing					
Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Obligations	Local Sources	State Sources	Transfers	Total	Fund Balance
2006 - 2007 District-Wide Renovations / Additions	$ 21,023,500	$ 21,023,500	$ 19,700,610	$ 1,192,322	$ 20,892,932	$ 130,568	$ 15,101,386	$ 2,000,000	$ 1,115,964	$ 2,796,115	$ 21,013,465	$ 120,533
Emergency ES Septic Project	300,000	300,000	259,846	40,154	300,000	-	-	-	-	300,000	300,000	-
2012 - 2013 Bus Purchases	550,000	550,000	537,825	-	537,825	12,175	-	200,000	-	337,825	537,825	-
2015 - 2016 Bus Purchases	790,000	790,000	466,200	-	466,200	323,800	-	-	-	466,200	466,200	-
2016 - 2017 Bus Purchases	335,902	335,902	-	462,206	462,206	(126,304)	-	-	-	462,206	462,206	-
2017 - 2018 Bus Purchases	462,441	462,441	-	-	-	462,441	-	-	-	461,520	461,520	461,520
Emergency Boiler Project	700,000	700,000	-	231,754	231,754	468,246	-	700,000	-	-	700,000	468,246
Tennis Courts	100,000	100,000	-	100,000	100,000	-	-	100,000	-	-	100,000	-
2016 - 2017 District-Wide Renovations / Additions	30,590,000	30,590,000	-	769,800	769,800	29,820,200	-	9,500,000	-	-	9,500,000	8,730,200
TOTAL	$ 54,851,843	$ 54,851,843	$ 20,964,481	$ 2,796,236	$ 23,760,717	$ 31,091,126	$ 15,101,386	$ 12,500,000	$ 1,115,964	$ 4,823,866	$ 33,541,216	$ 9,780,499

(See Independent Auditors' Report)

Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Combined Balance Sheet - Nonmajor Governmental Funds

June 30, 2017

	Special Revenue Funds			
	Special Aid Fund	School Lunch Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 18,885	$ 68,202	$ 349	$ 87,436
Receivables	719,600	37,878	-	757,478
Inventories	-	34,020	-	34,020
Due from other funds	47,889	2,682	253	50,824
Prepaid items	-	11,768	-	11,768
TOTAL ASSETS	**$ 786,374**	**$ 154,550**	**$ 602**	**$ 941,526**
LIABILITIES AND FUND BALANCES				
Liabilities -				
Accounts payable	$ 13,670	$ 2,306	$ -	$ 15,976
Accrued liabilities	10,959	1,061	-	12,020
Due to other funds	752,965	-	-	752,965
Due to other governments	-	42	-	42
Unearned revenue	8,780	4,213	-	12,993
TOTAL LIABILITIES	**$ 786,374**	**$ 7,622**	**$ -**	**$ 793,996**
Fund Balances -				
Nonspendable	$ -	$ 45,788	$ -	$ 45,788
Restricted	-	-	602	602
Assigned	-	101,140	-	101,140
TOTAL FUND BALANCE	**$ -**	**$ 146,928**	**$ 602**	**$ 147,530**
TOTAL LIABILITIES AND FUND BALANCES	**$ 786,374**	**$ 154,550**	**$ 602**	**$ 941,526**

Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Combined Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For Year Ended June 30, 2017

	Special Revenue Funds			
	Special Aid Fund	School Lunch Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Use of money and property	$ -	$ -	$ 253	$ 253
Miscellaneous	4,543	7,380	-	11,923
State sources	780,204	15,488	-	795,692
Federal sources	1,257,480	520,176	-	1,777,656
Sales	-	151,548	-	151,548
TOTAL REVENUES	**$ 2,042,227**	**$ 694,592**	**$ 253**	**$ 2,737,072**
EXPENDITURES				
Instruction	$ 1,662,895	$ -	$ -	$ 1,662,895
Pupil transportation	34,030	-	-	34,030
Employee benefits	397,780	104,188	-	501,968
Cost of sales	-	336,693	-	336,693
Other expenses	-	248,505	-	248,505
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	**$ 2,094,705**	**$ 689,386**	**$ -**	**$ 2,784,091**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (52,478)	$ 5,206	$ 253	$ (47,019)
OTHER FINANCING SOURCES (USES)				
Transfers - in	$ 52,478	$ 18,181	$ -	$ 70,659
TOTAL OTHER FINANCING SOURCES (USES)	**$ 52,478**	**$ 18,181**	**$ -**	**$ 70,659**
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	**$ -**	**$ 23,387**	**$ 253**	**$ 23,640**
FUND BALANCE, BEGINNING OF YEAR	-	123,541	349	123,890
FUND BALANCE, END OF YEAR	**$ -**	**$ 146,928**	**$ 602**	**$ 147,530**

(See Independent Auditors' Report)

Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

Net Investment in Capital Assets

For Year Ended June 30, 2017

Capital assets, net		$ 29,031,428
Add:		
Unspent bond proceeds	$ 120,533	
		120,533
Deduct:		
Short-term portion of bonds payable	$ 1,020,000	
Long-term portion of bonds payable	6,705,000	
		7,725,000
Net Investment in Capital Assets		**$ 21,426,961**

Supplementary Information

NORTH ROSE - WOLCOTT CENTRAL SCHOOL DISTRICT, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For Year Ended June 30, 2017

Grantor / Pass - Through Agency Federal Award Cluster / Program	CFDA Number	Grantor Number	Pass-Through Agency Number	Total Expenditures
U.S. Department of Education:				
Direct Programs:				
Innovative Programs Fund for the Improvement of Education	84.215	5215E120381	N/A	$ 24,085
Total Direct Programs				$ 24,085
Indirect Programs:				
Passed Through NYS Education Department -				
Special Education Cluster IDEA -				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-17-1040	$ 386,686
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-17-1040	18,186
Total Special Education Cluster IDEA				$ 404,872
Title IIA - Teacher Training	84.367	N/A	0147-17-3590	82,805
Title VII - KcKinney - Vento	84.367	N/A	0212-17-3018	50,000
Title VII - KcKinney - Vento	84.367	N/A	0212-17-3064	20,000
Title I - School Improvement	84.010	N/A	0011-16-2236	50,000
Title I - School Improvement	84.010	N/A	0011-17-2236	28,473
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-16-3590	151
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-17-3590	316,091
Passed Through Lyons Central School District -				
21st Century	84.287	N/A	N/A	175,302
Title IIB - Math	84.366	N/A	N/A	10,608
School Climate Transformation Grant	84.184	N/A	N/A	49,102
Passed Through Sodus Central School District -				
School Climate Transformation Grant	84.184	N/A	N/A	39,930
Title IIIB - Science	84.366	N/A	N/A	6,062
Total Indirect Programs				$ 1,233,396
Total U.S. Department of Education				**$ 1,257,481**
U.S. Department of Agriculture:				
Indirect Programs:				
Passed Through NYS Education Department -				
Child Nutrition Cluster -				
National School Lunch Program	10.555	N/A	011701	$ 326,465
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	011701	45,882
National School Snack Program	10.555	N/A	011701	25,463
National Summer Food Service program	10.559	N/A	011701	13,025
National School Breakfast Program	10.553	N/A	011701	109,341
Total Child Nutrition Cluster				$ 520,176
Total U.S. Department of Agriculture				**$ 520,176**
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 1,777,657**

(See Independent Auditors' Report)

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

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

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

Independent Auditors' Report

To the Board of Education
North Rose - Wolcott Central School District, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Rose - Wolcott Central School District, New York, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the North Rose - Wolcott Central School District, New York's basic financial statements, and have issued our report thereon dated September 13, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Raymond F. Wager, CPA, PC

September 13, 2017