

**CATSKILL CENTRAL
SCHOOL DISTRICT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2018

CATSKILL CENTRAL SCHOOL DISTRICT

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JUNE 30, 2018

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CATSKILL CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

This section of the District's annual financial report presents its discussion and analysis of the District's performance during the fiscal year ending June 30, 2018. The section is a summary of the District's financial activities based on currently known facts, decisions, 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. It should be read in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- District voters approved a \$41,793,028 budget for the 2018-2019 school year. This budget represented a 4.61% increase from the prior year's budget of \$39,950,000.
- The District's operating budget, financed primarily by school property taxes, is recorded in its General Fund. During the fiscal year ended June 30, 2018 the District's General Fund recorded total revenues of \$39,737,132 and total expenses of \$37,825,464, resulting in a net increase in fund balance of \$1,911,667. As of June 30, 2018 total fund balance was \$13,103,194.
- Of the \$13.1 million in fund balance at year-end, \$6,131,439 million has been set aside in various reserve accounts. These reserves were created and funded at the District's discretion to fund estimated future expenditures such as employee benefits, tax refunds, and insurance claims. Year-end fund balance also includes \$79,842 reserved to pay open encumbrances (purchase orders) as of June 30, and \$948,280 designated to reduce the 2018-2019 school tax levy. After deducting these amounts, the amount of "Undesignated" Fund Balance as of June 30, 2017 was \$5.9 million, or 14.22% of the next fiscal year's budget.
- The District will continue to analyze year over budget to actual variances to ensure the reasonableness of budget estimates for the inclusion in the 2019-2020 budget to prevent future significant growth of fund balance. The district received authorization from the voters to create a capital reserve fund in May 2017, which can be funded up to a maximum of 10 million dollars. The district has already committed 2 million dollars to the capital reserve in May of 2018, and anticipates contributing at least an additional 2 million dollars in the capital reserve in the Fiscal year ending June 30, 2019. The district has identified with the help of an Architect, current needs for building improvements which would justify the inclusion of a significant amount of the undesignated fund balance to be placed in the capital reserve fund. It may allow the district to reduce the undesignated fund balance to below the 4% statutory limit on its own.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Overview of the Financial Statements

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

CATSKILL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Figure A-1			
Major Features of the District-Wide and Fund Financial Statements			
	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education, cafeteria and transportation expenses.	Instances in which the 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 Balances	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/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

District-Wide Statements

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

The two district-wide statements report the District's *net position* and how it has changed. The 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.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as a fund for scholarship monies) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- ***Governmental Funds:*** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

CATSKILL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

- *Fiduciary Funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net Position

The following schedule shows the Net Position for the District as of June 30, 2018 and 2017:

Figure A-2

Condensed Statement of Net Position (in thousands of dollars)

	Governmental and Total School District Activities		
	2018	2017	Variance Increase (Decrease)
Assets			
Current and Other Assets	\$ 15,686	\$ 14,372	\$ 1,314
Capital Assets, Restated	44,553	46,373	(1,820)
Net Pension Asset-Proportionate Share	633	-	633
Total Assets	\$ 60,872	\$ 60,745	\$ 127
Deferred Outflow of Resources	\$ 7,690	\$ 9,826	\$ (2,136)
Liabilities			
Payables	\$ 602	\$ 961	\$ (359)
BANS Payable	-	-	-
Long-Term Debt - Payable in One Year	3,060	3,019	41
Long-Term Debt - Payable after One Year	75,379	49,033	26,346
Other Liabilities	1,744	1,961	(217)
Net Pension Liability-Proportionate Share	311	1,826	(1,515)
Total Liabilities	\$ 81,096	\$ 56,800	\$ 24,296
Deferred Inflow of Resources	\$ 1,907	\$ 1,664	\$ 243
Net Position			
Invested in Capital Assets, Net of Related Debt	\$ 19,326	\$ 17,517	\$ 1,809
Restricted	6,131	3,791	2,340
Unrestricted	(39,899)	(9,203)	(30,696)
Total Net Position	\$ (14,442)	\$ 12,105	\$ (26,547)

Note: Assets + Deferred Outflows - Liabilities - Deferred Inflows = Net Position

Note: Totals may not add due to rounding.

CATSKILL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Governmental Activities/Changes in Net Position

The District's net position has increased by \$1.141 million, due to government activities (Figure A-3).

Figure A-3

Changes in Net Position from Operating Results (in thousands of dollars)

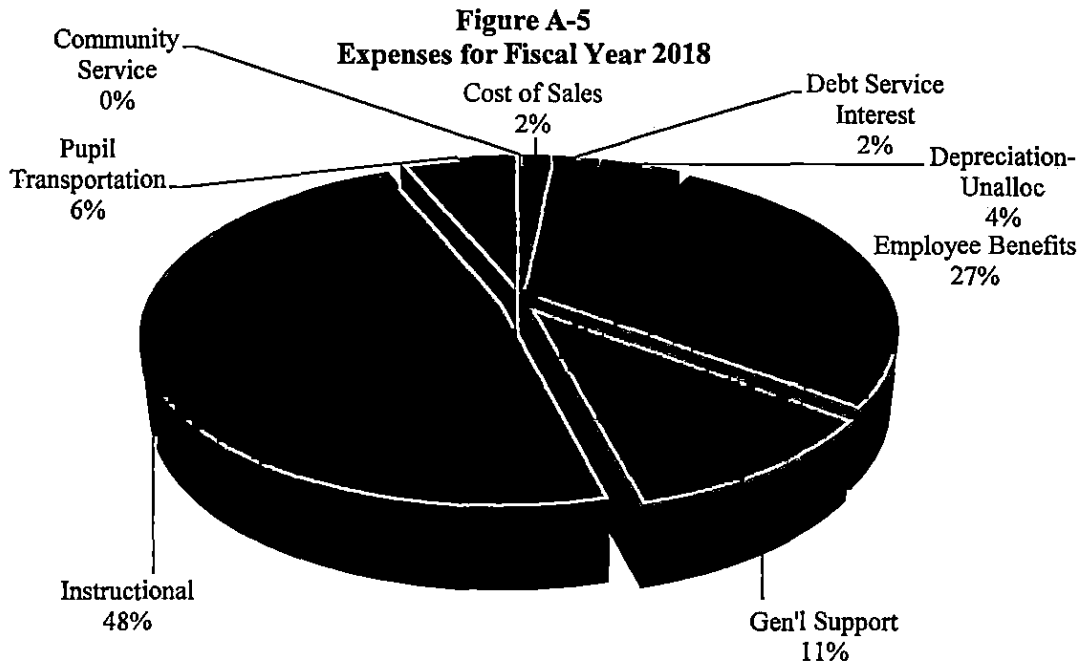
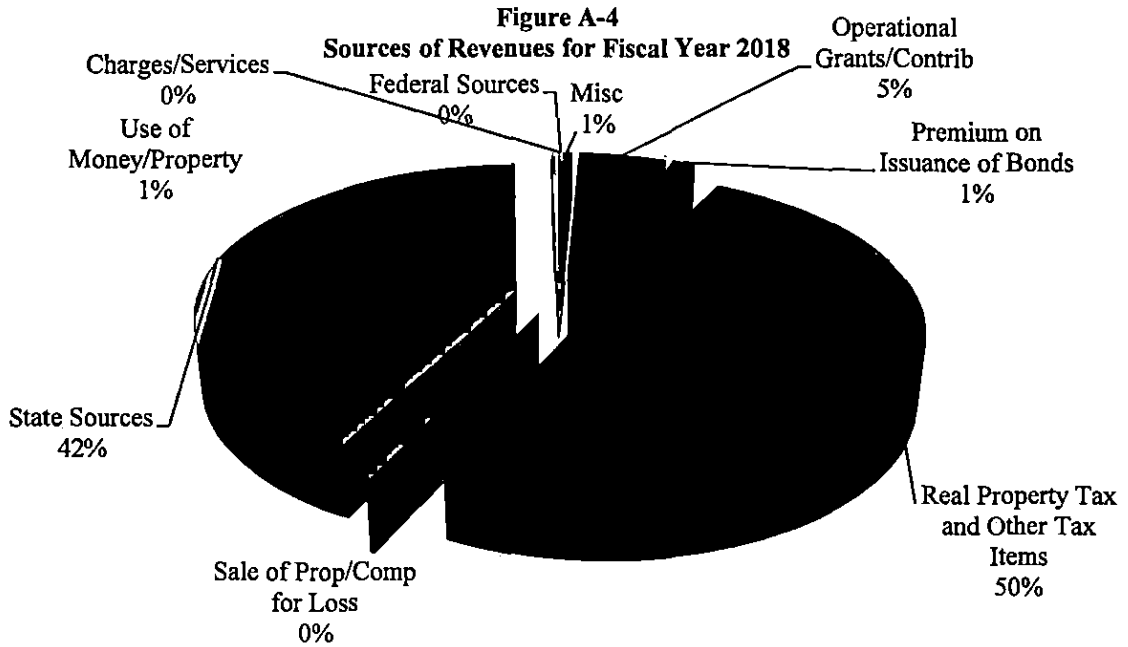
	Governmental and Total School District Activities		
	2018	2017	Variance Increase (Decrease)
Revenues			
Program Revenues:			
Charges for Services	\$ 66	\$ 263	\$ (197)
Operating Grants and Contributions	<u>2,235</u>	<u>1,912</u>	<u>323</u>
Total Program Revenues	<u>2,301</u>	<u>2,175</u>	<u>126</u>
General Revenues:			
Real Property Taxes and Other Tax Items	21,174	21,017	157
Use of Money and Property	156	156	-
Sale of Property and Compensation for Loss	93	-	93
Miscellaneous	278	479	(201)
State Sources	18,029	17,883	146
Federal Sources	-	-	-
Premium on Issuance of Bonds	<u>580</u>	<u>-</u>	<u>580</u>
Total General Revenues	<u>40,310</u>	<u>39,535</u>	<u>775</u>
Total Revenues	<u>42,611</u>	<u>41,710</u>	<u>901</u>
Expenses			
Instruction	20,109	21,144	(1,035)
Support Services:			
General Support	4,497	3,405	1,092
Pupil Transportation	2,608	2,305	303
Community Service	50	57	(7)
Debt Service - Interest	1,054	1,227	(173)
Employee Benefits	11,180	11,745	(565)
Depreciation - Unallocated	1,815	1,758	57
Cost of Sales	<u>649</u>	<u>561</u>	<u>88</u>
Total Expenses	<u>41,962</u>	<u>42,202</u>	<u>(240)</u>
Increase (Decrease) in Net Position:	<u>\$ 649</u>	<u>\$ (492)</u>	<u>\$ 1,141</u>

Note: Totals may not add due to rounding.

CATSKILL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2018



CATSKILL CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Financial Analysis of the 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 (excluding capital) reported combined fund balances of \$13,524,920 an increase of \$1,895,160.

General Fund Budgetary Highlights

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

- District voters approved a 2017-2018 School Budget in the amount of \$39,950,000. This amount was increased by carryover Encumbrances of \$70,630 and Appropriated Reserves of \$45,000, resulting in a final budget of \$40,065,630. This District recorded this Budget in its General Fund, and followed certain policies and procedures to ensure that District expenditures adhered to the spending plan approved by District voters. For instance, the District used an Encumbrance system to determine that sufficient funds were available prior to being spent. In the event the District needed to purchase an item or service and the account code had insufficient funds, then the Superintendent and Board of Education had the authority to approve transfers between budget codes.
- Accrual revenues were \$39.737 million, with an actual to budget variance of negative \$.328 million largely due to miscellaneous revenues under budget.
- Actual expenditures were \$37.8825 million, with a positive actual to budget variance of \$2.160 million, largely due to lower than expected instructional costs and related benefits.

Capital Asset and Debt Administration

Capital Assets

The overall capital assets as of June 30, 2018, are given below. (See Figure A-6).

*Figure A-6
Capital Assets (net of depreciation)*

	Capital Assets	
	2018	2017
Land	\$ 219,670	\$ 219,670
Buildings and Improvements	43,794,373	45,488,654
Machinery & Equipment	539,223	619,159
Total	\$ 44,553,266	\$ 46,327,483

Note: Totals may not add due to rounding

CATSKILL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The total decrease in the District's capital net assets (net of accumulated depreciation) for the current year was (\$1,774,217). The decrease to capital assets is attributable to capital additions net of accumulated depreciation.

Long-Term Debt

The District's total debt includes serial bonds in the amount of \$24,635,000 as of June 30, 2018, a decrease of \$3,540,000 over the previous year amount, respectively. The total amount of long-term debt owed is reflected in Figure A-7.

Figure A-7

Outstanding Long-Term Debt (in millions of dollars)

	<u>Total School District</u>	
	<u>2018</u>	<u>2017</u>
Serial Bonds	\$ 24,635,000	\$ 28,175,000
Lease-Purchase Obligations	-	64,278
Total	<u>\$ 24,635,000</u>	<u>\$ 28,239,278</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. At June 30, 2018, the District's general obligation debt was lower than its total debt limit.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of some existing circumstances that could affect its financial position in the future:

- The Catskill Central School District is a service organization, and as such the majority of the expenditures are driven by the salary and benefits costs of its employees. The terms of these agreements are determined by collective bargaining agreements (CBAs). Current CBAs for teaching and non-instructional staff both expire on June 30, 2019, and negotiations are underway for successive contracts.
- Chapter 97 of the Laws of 2011 established a tax levy limit, or "property tax cap" that affects almost all school districts in New York State. Under this law, the growth in the property tax levy, the total amount to be raised through property taxes, calculated by the property tax cap formula, is capped at 2 percent or the rate of inflation, whichever is less, with some exceptions. School Districts have the ability to override the cap only if more than sixty percent of the District voters approve the budget. Many districts who have attempted to override the tax cap have not been successful.
- At the same time that the District is being required to keep property taxes from increasing, the District is simultaneously facing increasing costs that are beyond its control: Health insurance premiums have been budgeted to increase 11% over the amounts of fiscal year ending June 30, 2018 for the next fiscal year. Future uncertainty in the health insurance market due to legislative uncertainty will put upward pressure on health insurance rates.
- The amount of State and Federal Aid is dependent upon enrollment. The District has had declining enrollment in the past few years, similar to other school districts in the region. Declining enrollment

CATSKILL CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

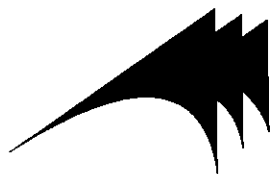
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

puts downward pressure upon aid received. Reductions in aid due to enrollment decreases may require program adjustments or an increase in revenues from the taxpayers.

Contacting the 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. If you have questions about this report or need additional financial information, contact:

Catskill Central School District
Attn: Mr. Joseph Jimick
School Business Official
Business Office
347 West Main Street
Catskill, New York 12414



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Catskill Central School District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement.

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

CATSKILL CENTRAL SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, revenues, expenditures – budget and actual, funding progress for other post-employment benefits, local government's proportionate share of net pension liability for New York State Employees' Retirement System, schedule of local government's contributions for the New York State Employees' Retirement System, schedule of local government's proportionate share of net pension liability for New York State Teachers' Retirement System and schedule of local government's contributions for the New York State Teachers' Retirement System as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Catskill Central School District's basic financial statements. The supplemental schedules 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 supplemental schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Change from Adopted Budget to Final Budget, Section 1318 Real Property Tax Law Limit Calculation, Schedule of Project Expenditures-Capital Projects Fund, and the Schedule of Net Investment in Capital assets, Net Related Debt have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Correction of Error


As discussed in Note 13 to the financial statements, in 2018 the District noted changes to past accrued liabilities and fixed assets causing changes to fund balance. Our opinion is not modified with respect to these matters.

Change in Accounting Principle

As described in Note 3 to the financial statements, in 2018 the District adopted new accounting guidance, GASB No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Reporting by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2018, on our consideration of the Catskill Central School District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catskill Central School District's internal control over financial reporting and compliance.


Hudson, New York
October 9, 2018

CATSKILL CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS

Cash:	
Unrestricted	\$ 7,490,492
Restricted	6,391,409
Receivables:	
Accounts	-
State and Federal Aid	1,195,674
Due from Other Governments	507,431
Due from Fiduciary Funds	-
Other	85,822
Inventories	14,902
Land, Buildings and Equipment (Net of Accumulated Depreciation)	44,553,266
Net Pension Asset-Proportionate Share	<u>632,542</u>
Total Assets	<u>60,871,537</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows - Pension	6,782,705
Defeasance Loss	<u>907,552</u>
Total Deferred Outflows of Resources	<u>7,690,257</u>

LIABILITIES

Payables:	
Accounts Payable	\$ 602,193
Accrued Liabilities	57,880
Student Meals Liability	-
Due to Fiduciary Funds	-
Due to Other Governments	194
Interest Payable	189,129
Due to Teachers' Retirement System	1,397,300
Due to Employees' Retirement System	98,645
Net Pension Liability-Proportionate Share	311,228
Long-Term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable	3,060,000
Capitalized Lease-Purchase Obligations	-
Due and Payable After One Year:	
Bonds Payable	21,575,000
Capitalized Lease-Purchase Obligations	-
Compensated Absences Payable	315,142
Other Post Employment Benefits Payable	<u>53,489,029</u>
Total Liabilities	<u>81,095,740</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	288,239
OPEB	119,133
Defeasance Gain, Advanced Bond Refunding	<u>1,499,884</u>
Total Deferred Inflows of Resources	<u>1,907,256</u>

NET POSITION

Net Investment in Capital Assets	19,325,934
Restricted	
Debt Service	-
Capital	-
Other Legal Restrictions (Specify)	6,131,439
Unrestricted	<u>(39,898,575)</u>
Total Net Position	<u>\$ (14,441,202)</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION,
FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Indirect Expenses Allocation	Program Revenues Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General Support	\$ 4,497,412	\$ 1,515,280	\$ -	\$ -	\$ 6,012,692
Instruction	20,109,126	11,249,709	(7,778)	(1,779,193)	29,571,864
Pupil Transportation	2,608,290	50,740	-	-	2,659,030
Community Service	49,810	26,474	-	-	76,284
Employee Benefits	11,180,014	(11,180,014)	-	-	-
Debt Service	1,053,766	-	-	-	1,053,766
Other Expenses	-	149,897	-	-	149,897
Cafeteria Program	648,935	2,435	(58,337)	(456,010)	137,023
Depreciation	1,814,521	(1,814,521)	-	-	-
Total Functions and Programs	<u>41,961,874</u>	<u>-</u>	<u>(66,115)</u>	<u>(2,235,203)</u>	<u>39,660,556</u>
GENERAL REVENUES					
Real Property Taxes					16,147,887
Other Tax Items					5,026,225
Non Property Taxes					-
Use of Money and Property					155,528
Sale of Property and Compensation for Loss					92,916
Miscellaneous					278,323
Interfund Revenue					-
State Sources					17,934,359
Federal Sources					-
Medicaid Reimbursement					94,639
Premium on issuance of refunding bonds deposited with escrow agent for refunded bond					<u>580,000</u>
Total General Revenues					<u>40,309,876</u>
Change in Net Position					649,320
Total Net Position - Beginning of Year					<u>12,105,693</u>
Prior Period Adjustment - See Note 13					<u>(27,196,213)</u>
Total Net Position - Beginning of Year, as Restated					<u>(15,090,520)</u>
Total Net Position - End of Year					<u>\$ (14,441,200)</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Debt Service	Non-Major	Governmental Funds
ASSETS				
Cash:				
Unrestricted	\$ 7,179,718	\$ -	\$ 310,774	\$ 7,490,492
Restricted	6,131,439	259,970	-	6,391,409
Investments:				
Unrestricted	-	-	-	-
Restricted	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from Other Funds	780,001	4	-	780,005
State and Federal Aid	575,059	-	620,615	1,195,674
Due from Other Governments	507,431	-	-	507,431
Other, Net of Allowance	81,823	-	3,999	85,822
Inventories	-	-	14,902	14,902
Deferred Expenditures	-	-	-	-
Prepaid Expenditures	-	-	-	-
Capital Assets, Net	-	-	-	-
Total Assets	\$ 15,255,470	259,974	\$ 950,289	\$ 16,465,733
LIABILITIES				
Payables:				
Accounts Payable	\$ 598,451	\$ -	\$ 3,742	\$ 602,193
Accrued Liabilities	57,880	-	-	57,880
Due to Other Funds	-	-	780,005	780,005
Due to Other Governments	-	-	194	194
Retainage Payable	-	-	-	-
Bond Interest and Matured Bonds	-	-	-	-
Notes Payable:				
Tax Anticipation	-	-	-	-
Revenue Anticipation	-	-	-	-
Bond Anticipation	-	-	-	-
Unearned Credits:				
Overpayments and Collections in Advance	-	-	-	-
Planned Balance	-	-	-	-
Long-Term Liabilities:				
Due to Teachers' Retirement System	1,397,300	-	-	1,397,300
Due to Employees' Retirement System	98,645	-	-	98,645
Compensated Absences Payable	-	-	-	-
Other Post Employment Benefits Payable	-	-	-	-
Judgments & Claims Payable	-	-	-	-
Other Liabilities	-	-	-	-
Total Liabilities	2,152,276	-	783,940	2,936,217
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	-	-	4,597	4,597
Sale of Future Revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	4,597	4,597
FUND BALANCES				
Non-Spendable	-	-	14,902	14,902
Restricted	6,131,439	259,974	-	6,391,412
Committed	-	-	-	-
Assigned	1,028,122	-	146,851	1,174,973
Unassigned	5,943,634	-	-	5,943,634
Total Fund Balances	13,103,194	259,974	161,752	13,524,920
Total Liabilities and Fund Balances	\$ 15,255,470	\$ 259,974	\$ 950,289	\$ 16,465,733
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.				\$ 44,553,266
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.				623,910
Long-term liabilities, including bonds payable, compensated absences and post-employment benefits, are not due and payable in the current period and therefore are not reported in the funds.				(80,128,184)
Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds.				6,984,886
Other				-
Net Assets of Governmental Activities				\$ (14,441,202)

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Debt Service	Non-Major	Governmental Funds
REVENUES				
Real Property Taxes	\$ 16,147,887	\$ -	\$ -	\$ 16,147,887
Other Tax Items	5,026,225	-	-	5,026,225
Nonproperty Taxes	-	-	-	-
Charges for Services	7,778	-	-	7,778
Use of Money and Property	155,005	523	149	155,677
Sale of Property and Compensation for Loss	92,916	-	-	92,916
Miscellaneous	278,323	-	99,366	377,688
Interfund Revenue	-	-	-	-
State Sources	17,934,359	-	456,010	18,390,369
Medicaid Reimbursement	94,639	-	-	94,639
Federal Sources	-	-	1,647,473	1,647,473
Surplus Food	-	-	32,205	32,205
Sales - School Lunch	-	-	58,337	58,337
Total Revenues	<u>39,737,132</u>	<u>523</u>	<u>2,293,540</u>	<u>42,031,194</u>
EXPENDITURES				
General Support	4,535,165	-	-	4,535,165
Instruction	18,523,950	-	1,587,727	20,111,677
Pupil Transportation	2,494,800	-	113,490	2,608,290
Community Service	-	-	49,810	49,810
Employee Benefits	8,049,564	-	-	8,049,564
Debt Service:				
Principal	3,024,278	-	-	3,024,278
Interest	1,108,315	-	-	1,108,315
Cost of Sales	-	-	648,935	648,935
Other Expenditures	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>37,736,072</u>	<u>-</u>	<u>2,399,962</u>	<u>40,136,034</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,001,060</u>	<u>523</u>	<u>(106,422)</u>	<u>1,895,160</u>
OTHER FINANCING SOURCES AND USES				
Proceeds from Refunding Bonds	-	7,200,000	-	7,200,000
Premium on Issuance of Refunding Bonds	-	1,051,799	-	1,051,799
Bond Anticipation Note Redeemed from Appropriations	-	-	-	-
Operating Transfers In	-	-	89,392	89,392
Operating Transfers (Out)	(89,392)	-	-	(89,392)
Payment to Refunded Bond Escrow Agent	-	(8,124,937)	-	(8,124,937)
Cost of Refunding Bond Issuance	-	(126,862)	-	(126,862)
Total Other Sources (Uses)	<u>(89,392)</u>	<u>-</u>	<u>89,392</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,911,667	523	(17,030)	1,895,160
Fund Balances - Beginning of Year	<u>11,191,527</u>	<u>259,451</u>	<u>178,782</u>	<u>11,629,760</u>
Fund Balances - End of Year	<u>\$ 13,103,194</u>	<u>\$ 259,974</u>	<u>\$ 161,752</u>	<u>\$ 13,524,920</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT
RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND
BALANCES TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
JUNE 30, 2018

Total net changes in fund balances - governmental funds \$ 1,895,160

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation Expense	\$ (1,814,521)	
Loss on Disposition	(2,844)	
Capital Outlays	<u>43,148</u>	(1,774,217)

In the Statement of Activities, certain operating expenses--compensated absences (vacations), special termination benefits (early retirement) and retirees' health insurance--are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*). (2,959,161)

Premium received on advance refunding deposited with escrow agent toward principal on refunded bond results in recognized income on entity-wide statements. 580,000

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 3,024,278

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of accrued interest on bonds, leases, and contracts payable. 30,131

Capitalized prepaid cost paid at bond refinancing amortized annually on entity-wide statements 24,418

(Increases) 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	(206,814)
Employees' Retirement System	<u>35,525</u>

Change in net position of governmental activities. \$ 649,320

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash:				
Unrestricted	\$ 7,490,492	\$ -	\$ -	\$ 7,490,492
Restricted	6,391,409	-	-	6,391,409
Investments:				
Unrestricted	-	-	-	-
Restricted	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from Other Funds	780,005	-	(780,005)	-
State and Federal Aid	1,195,674	-	-	1,195,674
Due from Other Governments	507,431	-	-	507,431
Other	85,822	-	-	85,822
Inventories	14,902	-	-	14,902
Deferred Expenditures	-	-	-	-
Prepaid Expenditures	-	-	-	-
Capital Assets, Net	-	44,553,266	-	44,553,266
Net Pension Asset-Proportionate Share	-	632,542	-	632,542
Total Assets	<u>16,465,733</u>	<u>45,185,808</u>	<u>(780,005)</u>	<u>60,871,537</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension	-	5,286,760	-	5,286,760
Deferred Outflows - Contributions Post Measurement	-	1,495,945	-	1,495,945
Defeasance Loss	-	907,552	-	907,552
Total Deferred Outflows of Resources	<u>-</u>	<u>7,690,257</u>	<u>-</u>	<u>7,690,257</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 16,465,733</u>	<u>\$ 52,876,065</u>	<u>\$ (780,005)</u>	<u>\$ 68,561,794</u>
LIABILITIES				
Payables:				
Accounts Payable	\$ 602,193	\$ -	\$ -	\$ 602,193
Accrued Liabilities	57,880	-	-	57,880
Due to Other Funds	780,005	-	(780,005)	-
Due to Other Governments	194	-	-	194
Bond Interest and Matured Bonds	-	189,129	-	189,129
Notes Payable:				
Tax Anticipation	-	-	-	-
Revenue Anticipation	-	-	-	-
Bond Anticipation	-	-	-	-
Deferred Credits:				
Overpayments and Collections in Advance	-	-	-	-
Planned Balance	-	-	-	-
Long-Term Liabilities:				
Bonds Payable	-	24,635,000	-	24,635,000
Installment Purchase Debt Payable	-	-	-	-
Due to Teachers' Retirement System	1,397,300	-	-	1,397,300
Due to Employees' Retirement System	98,645	-	-	98,645
Compensated Absences Payable	-	315,142	-	315,142
Other Post Employment Benefits Payable	-	53,489,029	-	53,489,029
Judgments & Claims Payable	-	-	-	-
Net Pension Liability-Proportionate Share	-	311,228	-	311,228
Other Liabilities	-	-	-	-
Total Liabilities	<u>2,936,218</u>	<u>78,939,528</u>	<u>(780,005)</u>	<u>81,095,740</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Other	4,597	283,642	-	288,239
Deferred Revenues - OPEB	-	119,133	-	119,133
Defeasance Gain, Advanced Bond Refunding	-	1,499,884	-	1,499,884
Total Deferred Inflows of Resources	<u>4,597</u>	<u>1,902,659</u>	<u>-</u>	<u>1,907,256</u>
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	<u>13,524,921</u>	<u>(27,966,122)</u>	<u>-</u>	<u>(14,441,201)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	<u>\$ 16,465,733</u>	<u>\$ 52,876,065</u>	<u>\$ (780,005)</u>	<u>\$ 68,561,794</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2018

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activities Totals
REVENUES					
Real Property Taxes	\$ 16,147,887	\$ -	\$ -	\$ -	\$ 16,147,887
Other Tax Items	5,026,225	-	-	-	5,026,225
Non-Property Taxes	-	-	-	-	-
Charges for Services	7,778	-	-	-	7,778
Use of Money and Property	155,677	-	-	-	155,677
Sale of Property and Compensation for Loss	92,916	-	-	-	92,916
Miscellaneous	377,688	-	-	-	377,688
Interfund Revenue	-	-	-	-	-
State Sources	18,390,369	-	-	-	18,390,369
Medicaid Reimbursement	94,639	-	-	-	94,639
Federal Sources	1,647,473	-	-	-	1,647,473
Surplus Food	32,205	-	-	-	32,205
Sales - School Lunch	58,337	-	-	-	58,337
Total Revenues	<u>42,031,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,031,194</u>
EXPENDITURES/EXPENSES					
General Support	4,535,165	-	(37,753)	-	4,497,412
Instruction	20,111,677	-	(2,551)	-	20,109,126
Pupil Transportation	2,608,290	-	-	-	2,608,290
Community Service	49,810	-	-	-	49,810
Employee Benefits	8,049,564	3,130,450	-	-	11,180,014
Debt Service	4,132,593	-	-	(3,078,827)	1,053,766
Cost of Sales	648,935	-	-	-	648,935
Other Expenditures/Expenses	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Depreciation	-	-	1,814,521	-	1,814,521
Total Expenditures/Expenses	<u>40,136,034</u>	<u>3,130,450</u>	<u>1,774,217</u>	<u>(3,078,827)</u>	<u>41,961,874</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>1,895,160</u>	<u>(3,130,450)</u>	<u>(1,774,217)</u>	<u>3,078,827</u>	<u>69,320</u>
OTHER SOURCES AND USES					
Proceeds from Refunding Bonds	7,200,000	-	-	(7,200,000)	-
Premium on Issuance of Refunding Bonds	1,051,799	-	-	(471,799)	580,000
Bond Anticipation Note Redeemed from Appropriations	-	-	-	-	-
Operating Transfers In	89,392	(89,392)	-	-	-
Operating Transfers (Out)	(89,392)	89,392	-	-	-
Payment to Refunded Bond Escrow Agent	(8,124,937)	-	-	8,124,937	-
Cost of Refunding Bond Issuance	(126,862)	-	-	126,862	-
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>580,000</u>	<u>580,000</u>
Net Change for the Year	<u>\$ 1,895,160</u>	<u>\$ (3,130,450)</u>	<u>\$ (1,774,217)</u>	<u>\$ 3,658,827</u>	<u>\$ 649,320</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	Private Purpose Trusts	Agency
ASSETS		
Cash	\$ 793,174	\$ 130,062
Accounts Receivable	-	107
Due from Other Funds	-	-
Prepaid Expenditures	-	-
 Total Assets	 \$ 793,174	 \$ 130,170
LIABILITIES		
Due to Other Funds	\$ -	\$ -
Extraclassroom Activity Balances	-	55,823
Other Liabilities	-	74,347
 Total Liabilities	 -	 \$ 130,170
NET POSITION		
Reserved for Scholarships	\$ 793,174	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Private Purpose Trusts
ADDITIONS:	
Contributions	\$ 24,619
Interest	1,686
Total Additions	26,305
DEDUCTIONS:	
Fees	-
Scholarships and Awards	44,673
	44,673
 Change in Net Position	 (18,368)
 Net Position - Beginning of Year, Restated	 811,542
 Net Position - End of Year	 \$ 793,174

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Catskill Central School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity:

The 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 9 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* and GASB 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 39* and GASB 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14..* The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District’s reporting entity.

-- 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 agent for various student organizations in an Agency Fund.

See independent auditor’s report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Joint Venture:

The District is a component district in the Rensselaer-Columbia-Greene Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that 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 district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §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 \$3,310,814 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,127,618.

The basic financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation:

I. District-Wide 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.

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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.

II. Fund Financial Statements:

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

The District reports the following major governmental funds:

a. 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.

b. Debt Service Fund:

This fund accounts for the accumulation of resources and the payments of principal and interest on long-term general obligation debt of governmental activities.

The District reports the following non-major governmental funds:

a. Special Revenue Funds:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes, school lunch operations, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

CATSKILL CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

1. Special Aid Fund:

Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.

2. School Lunch Fund

School Lunch Fund is used to account for transactions of lunch, breakfast, and milk programs.

b. Capital Projects Funds:

These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following fiduciary funds:

These funds are used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that 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.

a. Private Purpose Trust Funds:

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

b. 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

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year, including real property taxes.

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. Cash (and Cash Equivalents) and Investments:

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

F. Property Taxes:

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

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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.

- II. In June of 2011, New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the District in a particular year, beginning with the 2012 fiscal year.

The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments.

G. Accounts Receivable:

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

H. Inventories and Prepaid Items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventorable 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 portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

I. Interfund Transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. 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.

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Permanent transfers of funds include the transfer of expenditure and revenues to provide financial 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, with the exception of those due from or to the fiduciary 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 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

J. Other Assets/Restricted Assets:

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the District-wide financial statements and their use is limited by applicable bond covenants.

In the District-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

K. Capital Assets:

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received.

Capitalized threshold (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$10,000	Straight-Line	40 years
Building Improvements	\$10,000	Straight-Line	40 years
Site Improvements	\$10,000	Straight-Line	40 years
Furniture and Equipment	\$5,000	Straight-Line	7 years
Computers	\$5,000	Straight-Line	5-7 years

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. 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, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Lastly are 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, therefore, will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue. 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 proportionate share of total contributions to the pension systems not included in pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

M. Vested Employee Benefits:

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in first-out (LIFO) basis.

Upon retirement or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability in the District-wide financial statements. The compensated absences liability is calculated based on the rates in effect at year-end as defined in the contractual bargaining agreement.

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

N. 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 health insurance coverage and survivor benefits for retired employees and their survivors in accordance with various employment contracts. 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. Some costs of providing post-retirement benefits are shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of the insurance premiums as expenditure or operating transfer to other funds in the General Fund in the year paid.

O. Unearned Revenue:

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

P. Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted net assets 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.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Q. 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.

R. Short-Term Debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually received the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

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

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

S. 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.

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Claims and judgments, 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.

T. Equity Classifications:

I. District-Wide Statements:

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

- a. *Investment in Capital Assets, Net of Related Debt* – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.
- b. *Restricted Net Position* – reports net position when constraints placed on the position 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.
- c. *Unrestricted Net Position* – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

II. Fund Statements:

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

- a. *Non-Spendable Fund Balance* – includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.
- b. *Restricted* – 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:

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

1. Capital/Technology (*not currently utilized*):

According to Education Law §3651, restricted fund balances 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. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

2. Debt Service:

According to General Municipal Law §6-1, the Mandatory 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 sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement.

3. Employee Benefit Accrued Liability:

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due 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.

4. Insurance (*not currently utilized*):

According to General Municipal Law §6-n, the Insurance Reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

5. Liability Claims and Property Loss:

According to Education Law §1709(8) (c), this reserve fund must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000.

6. Repairs:

According to General Municipal Law §6-d, this reserve fund must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

7. Retirement Contributions:

According to General Municipal Law §6-r, this reserve fund must be used for 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.

8. Tax Certiorari:

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

CATSKILL CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

9. Unemployment Insurance:

According to General Municipal Law §6-m, this reserve fund 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.

10. Workers' Compensation:

According to General Municipal Law §6-j, this reserve fund 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.

11. 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 for specific purposes for which resources have been restricted, committed or assigned do not result in a separate display of the encumbered amounts within those classifications/funds.

CATSKILL CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Restricted fund balance includes the following:

General Fund:	
Retirement Contribution	\$ 1,172,155
Employee Benefit Accrued Liability	796,582
Unemployment	611,230
Tax Certiorari	498,134
Repairs	235,805
Liability	147,457
Capital	2,000,000
Workers' Compensation	<u>670,075</u>
	6,131,438
Debt Service Fund:	
Debt Service	<u>259,974</u>
 Total Restricted Funds	 <u>\$ 6,391,412</u>

- c. *Committed* – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2018.
- d. *Assigned* – 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 in the General Fund. Encumbrances reported in the General Fund amounted to \$79,842. Assigned to the reduction of the 2018-2019 tax levy is an additional \$948,280.
- e. *Unassigned* – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

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.

III. 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.

See independent auditor’s report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

U. New Accounting Standards:

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

-- GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, effective for reporting periods beginning after June 15, 2017. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, established new accounting and financial reporting requirements for other post-employment benefits (OPEB) plans.

-- GASB has issued Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for reporting periods beginning after December 15, 2016. This Statement supersedes Question 7.72.11 of Implementation Guide No. 2015-1. In addition, this Statement amends Paragraph 13 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*; Paragraph 5 of Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*; Paragraphs 16, 18, 22, 92, and 107 of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; and Paragraph 24 of Statement No. 67, *Financial Reporting for Pension Plans*.

--The GASB has issued Statement No. 85, *Omnibus 2017*, which seeks to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, with earlier application encouraged.

--The GASB has issued Statement No. 86, *Certain Debt Extinguishment Issues*, which finalizes Exposure Draft (ED) No. 19-25E of the same name, and seeks to (1) improve consistency in accounting and financial reporting for certain debt extinguishments and (2) enhance the decision-usefulness of such information. The requirements of Statement No. 86 are effective for reporting periods beginning after June 15, 2017, with earlier application encouraged.

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

V. Future Changes in Accounting Standards:

The GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for reporting periods beginning after June 15, 2018.

The GASB has issued Statement No. 84, *Fiduciary Activities*, which finalizes Exposure Draft No. 3-13E of the same name, and establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, with earlier application encouraged.

The GASB has issued Statement No. 87, *Leases*, which finalizes Exposure Draft (ED) No. 3-24E of the same name, and establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, with earlier application encouraged.

The GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which finalizes Exposure Draft (ED) No. 3-30, and seeks to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, while providing financial statement users with additional essential information concerning debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, with earlier application encouraged.

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.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS:

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

A. Total Fund Balances of Governmental Funds vs. Net Assets of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED):

See the Reconciliation on Pages 16 and 19 of the financial statement.

- The costs of building and acquiring capital assets (lands, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives. See *Note 5 – Capital Assets* in these notes to the financial statements for information on the net capital assets of \$43,747,379.

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Bonds and Notes Payable	\$ 24,635,000
Compensated Absences Payable	315,142
Other Post-Employment Benefits Payable	<u>53,489,029</u>
	<u>\$ 78,439,171</u>

Accrued interest on long-term debt is reported in the Statement of Net Position, regardless of when due. In the Governmental Funds, interest is not reported until it is due.

Bond Interest Payable	<u>\$ 189,129</u>
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Pension Differences:

Pension differences occur as a result of the changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

Pension Asset - TRS	\$ 632,542
Deferred Inflows - ERS	(283,642)
Deferred Outflows - TRS Contribution	1,397,300
Deferred Outflows - ERS Contribution	98,645
Deferred Outflows - TRS	5,286,760
Pension Liability - ERS	<u>(311,228)</u>
	<u>\$ 6,820,377</u>

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED):

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

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

I. Long-Term Revenue/Expense Differences:

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

II. Capital Related Differences:

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

III. Long-Term Debt Transaction Differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position. These reconciliations can be found on Pages 18 and 20 of the financial statements.

IV. Pension Differences

Pension differences occur as a result of changes in the District’s proportion of the collective net pension asset/liability and differences between the District’s contributions and its proportionate share of the total contributions to the pension systems.

V. OPEB Differences:

OPEB differences occur as a result of changes in the District’s total OPEB liability and differences between the District’s contributions and OPEB expense.

See independent auditor’s report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES:

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB Expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. See Note 10 and 13 for the financial statement impact of the implementation of the statement.

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. Budgetary Procedures and Budgetary Accounting:

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

-- General Fund

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

Appropriations are adopted at the program line item level.

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

Supplemental appropriations occurred during the year and are detailed below:

<u>CHANGED FROM ADOPTED BUDGET TO FINAL BUDGET</u>	
Adopted Budget	\$ 39,950,000
Prior Year's Encumbrances	<u>70,630</u>
Original Budget	40,020,630
Budget Revisions	<u>45,000</u>
Final Budget	<u>\$ 40,065,630</u>

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

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

Special Revenue Funds have not been included in the comparison because they do not have legally authorized (appropriated) budgets.

Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's voters.

The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the project.

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 restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

C. The District's unreserved undesignated fund balance was in excess of New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District intends to take actions to pursue this issue.

NOTE 5 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS:

Cash:

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.

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 5 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS (CONTINUED):

As of June 30, 2018 \$-0- of the District's bank balance of \$15,681,262 was exposed to custodial credit risk as follows:

Uncollateralized	\$ <u> </u> -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ <u> </u> -

Restricted cash represents cash and cash equivalents 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 \$6,391,412 in government funds and \$55,823 in the fiduciary funds.

NOTE 6 – CAPITAL ASSETS:

Capital asset balances and activity for the year ended June 30, 2018, were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Capital Assets that are Not Depreciated:				
Land	\$ 219,670	\$ -	\$ -	\$ 219,670
Construction in Progress	-	-	-	-
Total Non-Depreciable Historical Cost	<u>\$ 219,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,670</u>
Capital Assets that are Depreciated:				
Buildings/Land Improvement, Restated	\$ 1,902,295	\$ -	\$ -	\$ 1,902,295
Buildings, Restated	65,084,991	-	-	65,084,991
Furniture and Equipment, Restated	4,439,913	43,148	7,141	4,475,920
Total Depreciable Historical Cost	<u>71,427,199</u>	<u>43,148</u>	<u>7,141</u>	<u>71,463,206</u>
Less Accumulated Depreciation:				
Building/Land Improvements, Restated	900,260	96,526	-	996,786
Buildings, Restated	20,598,372	1,597,755	-	22,196,127
Machinery and Equipment, Restated	3,820,754	120,240	4,297	3,936,697
Total Accumulated Depreciation	<u>25,319,386</u>	<u>1,814,521</u>	<u>4,297</u>	<u>27,129,610</u>
Total Depreciable Historical Cost, Net	<u>\$ 46,107,813</u>	<u>\$ (1,771,373)</u>	<u>\$ (2,844)</u>	<u>\$ 44,333,596</u>

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 6 – CAPITAL ASSETS (CONTINUED):

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 1,700,974
Instruction	111,112
Food Services	3,801
	<u>\$ 1,815,887</u>

NOTE 7 – LONG-TERM DEBT:

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

Interest Paid	\$ 1,108,315
Less Interest Accrued in the Prior Period	(219,260)
Less Interest Accrued in the Current Period	189,129
Net Amortization of Defeasance Gain/Loss	<u>(24,368)</u>
Total Expense	<u>\$ 1,053,816</u>

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government Activities:					
Bonds and Notes Payable:					
General Obligation Debt:					
Middle/High School - 2011	\$ 9,620,000	\$ -	\$ 8,680,000	\$ 940,000	\$ 940,000
Middle/High School - 2003 (Refunded)	1,980,000	-	375,000	1,605,000	380,000
Middle/High School - 2012	1,030,000	-	95,000	935,000	100,000
Elementary School - 2012 (Refunded)	10,355,000	-	590,000	9,765,000	615,000
Elementary School - 2005 (Refunded)	5,190,000	-	995,000	4,195,000	1,020,000
Middle/High School - 2017 (Refunded)	-	7,200,000	5,000	7,195,000	5,000
Total Serial Bonds	<u>\$ 28,175,000</u>	<u>\$ 7,200,000</u>	<u>\$ 10,740,000</u>	<u>\$ 24,635,000</u>	<u>\$ 3,060,000</u>
Other Debt:					
Lease-Purchase Obligations	64,278	-	64,278	-	-
Total Bonds & Notes Payable	<u>28,239,278</u>	<u>7,200,000</u>	<u>10,804,278</u>	<u>24,635,000</u>	<u>3,060,000</u>
Other Liabilities:					
Compensated Absences	560,215	-	245,073	315,142	-
Other Post-Employment Benefits, Restated	50,403,928	3,085,101	-	53,489,029	-
Total Other Liabilities	<u>50,964,143</u>	<u>3,085,101</u>	<u>245,073</u>	<u>53,804,171</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$ 79,203,421</u>	<u>\$ 10,285,101</u>	<u>\$ 11,049,351</u>	<u>\$ 78,439,171</u>	<u>\$ 3,060,000</u>

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 7 – LONG-TERM DEBT (CONTINUED):

--Debt Advance Refunding:

On August 30, 2017, \$7,200,000 in general obligation bonds with an average interest rate of 5.00 percent were issued to advance refund \$7,780,000 of outstanding bonds with an average interest rate of 4.77 percent. The District received a premium at issue of \$1,051,799. The net proceeds of \$7,200,000 (after payment of \$126,761 in underwriting fees, insurance, and other issuance costs) were used to purchase United States government securities, and \$101 was deposited in cash. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. This refunding decreases total debt service payments over the next 13 years by almost \$877,155 resulting in an economic gain (difference between present values of the debt service payments on the old and new debt) of \$580,000. As of June 30, 2018 the District had a defeased debt outstanding of \$7,780,000 that will be paid back April 1, 2019.

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

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 06/30/18
Serial Bonds:				
Middle/High School - 2017 (Refunded)	11/17	2032	2 - 5%	\$ 7,195,000
Middle/High School - 2011	12/11	2032	2 - 4.75%	940,000
Middle/High School - 2003 (Refunded)	2/12	2022	2 - 3%	1,605,000
Middle/High School - 2012	7/12	2026	3 - 5%	935,000
Elementary School - 2012 (Refunded)	10/12	2030	3 - 5%	9,765,000
Elementary School - 2005 (Refunded)	8/14	2022	2.125 - 3%	4,195,000
				<u>\$ 24,635,000</u>

The following is a summary of maturing debt service requirements:

	Serial Bonds		Capitalized Lease - EPC	
	Principal	Interest	Principal	Interest
2019	3,060,000	1,016,908	-	-
2020	3,130,000	911,658	-	-
2021	3,245,000	801,520	-	-
2022	3,360,000	677,945	-	-
2023	1,950,000	548,045	-	-
2024-2028	7,050,000	1,486,125	-	-
2029-2033	2,840,000	169,840	-	-
	<u>\$ 24,635,000</u>	<u>\$ 5,612,041</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 8 – INTERFUND BALANCES AND ACTIVITY:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 780,001	\$ -	\$ -	\$ 89,392
Non-Major Funds	4	780,005	89,293	-
Total Government Activities	780,005	780,005	89,293	89,392
Fiduciary Agency Fund	-	-	-	-
Totals	\$ 780,005	\$ 780,005	\$ 89,293	\$ 89,392

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

In the normal course of its operations, the District budgets for and transfers monies between funds for these budgeted purposes.

From the General Fund these represent transferring the Districts 20% share of the Special Aid Fund's Summer Handicapped Program and transfers to the Capital Fund for voter authorized capital items such as construction and bus purchases.

Additional loans will occur between funds to mitigate the effects of cash flow, such as in the Special Aid Fund where-in project advances generally do not keep pace with costs and the General Fund has to "loan" cash dollars to run the programs. In the case of the Capital Fund, loans will occur in advance of obtaining the final funding through bond proceeds. In addition, in the case of the Capital Fund, interest earned on borrowed funds becomes payable to the Debt Service Fund for the future reduction of debt service payments. In the case of the Agency Fund, most if not all, fringe benefits are advanced from the General Fund and result in the need to reflect a due from both the Special Aid Fund and the School Lunch Fund for the applicable payroll.

All interfund payables are expected to be repaid within one year.

NOTE 9 – PENSION PLANS:

A. General Information:

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

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 9 – PENSION PLANS (CONTINUED):

B. Plan Descriptions and Benefits Provided:

I. Teachers' Retirement System (TRS):

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by refer to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

II. Employees' Retirement System (ERS):

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 9 – PENSION PLANS (CONTINUED):

The Systems are noncontributory except for employees who joined after July 26, 1976, who contribute 3% of their salary for the first 10 years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

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

	<u>ERS</u>	<u>TRS</u>
2017-2018	\$ 382,210	\$ 1,545,559
2016-2017	\$ 387,100	\$ 1,710,328
2015-2016	\$ 387,259	\$ 2,204,565

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

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

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

This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial Valuation Date	4/1/2017	6/30/2017
Net Pension Asset/(Liability)	\$ (311,228)	\$ 632,542
District's Portion of the Plan's Total Net Pension Asset/(Liability)	0.0096432%	0.083218%

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 9 – PENSION PLANS (CONTINUED):

For the year ended June 30, 2018, the District's recognized pension expense (credits) of \$349,777 for ERS and \$1,604,218 for TRS.

At June 30, 2018, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 111,005	\$ 520,426	\$ 91,730	\$ 246,621
Changes of Assumptions	206,370	6,436,235	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	452,033	-	892,268	1,489,819
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	3,513	74,807	72,564	8,269
District's Contributions Subsequent to the Measurement Date	98,645	1,397,300	-	-
Total	\$ 871,566	\$ 8,428,768	\$ 1,056,562	\$ 1,744,709

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for 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:

	ERS	TRS
Year Ended:		
2019	\$ 40,144	\$ 160,310
2020	20,932	1,716,763
2021	(237,332)	1,232,505
2022	(107,386)	316,443
2023	-	1,228,960
Thereafter	-	631,779
	<u>\$ (283,642)</u>	<u>\$ 5,286,760</u>

D. 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.

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 9 – PENSION PLANS (CONTINUED):

The actuarial valuations used the following assumptions:

	ERS	TRS
Measurement Date	March 31, 2018	June 30, 2017
Actuarial Valuation Date	April 1, 2017	June 30, 2016
Interest Rate	7.00%	7.50%
Salary Scale	3.80%	4.72%-1.90%
Decrement Tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation Rate	2.50%	2.50%

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

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2009– June 30, 2014.

The long term rate of return on pension plan investments was determined using a building block method in which the 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 of the target asset allocation percentages and by adding expected inflation.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 9 – PENSION PLANS (CONTINUED):

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	ERS	ERS	TRS	TRS
	March 31, 2018	March 31, 2018	June 30, 2017	June 30, 2017
	Target	Long Term	Target	Long Term
Asset Type	Allocation	Expected Real	Allocation	Expected Real
		Rate of Return		Rate of Return
Domestic Equity	36%	4.55%	35%	5.90%
International Equity	14%	6.35%	18%	7.40%
Private Equity	10%	7.50%	8%	9.00%
Real Estate	10%	5.55%	11%	4.30%
Alternative Investments	5%	3.75-5.68%	0%	0.00%
Total Equities	75%		72%	
Domestic Fixed Income Securities	0%	0.00%	16%	1.60%
Global Fixed Income Securities	0%	0.00%	2%	1.30%
Real Assets	3%	5.29%	0%	0.00%
Bonds and Mortgages	17%	1.31%	9%	3.90%
Short-Term	1%	-0.25%	1%	0.60%
Inflation-Indexed Bonds	4%	1.25%	0%	0.00%
Total Fixed Income	25%		28%	
Total	100%		100%	

E. Discount Rate:

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Sensitivity of the Proportionate Share of the Net Pension to the Discount Rate Assumption:

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 9 – PENSION PLANS (CONTINUED):

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (6.0% for ERS and 6.25% for TRS) or 1-percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

ERS	1% Decrease	Current	1% Increase
	(6.0%)	Assumption (7.0%)	(8.0%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (2,354,831)	\$ (311,228)	\$ 1,417,580

TRS	1% Decrease	Current	1% Increase
	(6.25%)	Assumption (7.25%)	(8.25%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (10,896,820)	\$ 632,542	\$ 10,287,810

G. Pension Plan Fiduciary Net Position:

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

	(Dollars in Thousands)	
	ERS	TRS
Valuation Date	4/1/2017	6/30/2017
Employers' Total Pension Liability	\$ 183,400,590	\$ 114,708,261
Plan Net Position	180,173,145	115,468,360
Employers' Net Pension Liability/(Asset)	\$ 3,227,445	\$ (760,099)
Plan Net Position as a percentage to the Systems' Total Pension Liability/(Asset)	98.24%	100.66%

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 9 – PENSION PLANS (CONTINUED):

H. Payables to the Pension Plan:

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2018, amounted to \$98,645.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018, are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018, represent employee and employer contributions for the fiscal year ended June 30, 2018, based on paid TRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018, amounted to \$1,397,300.

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

A. General Information about the OPEB Plan

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	114
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	269
	383

See independent auditor’s report.

CATSKILL CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

B. Total OPEB Liability

The District's total OPEB liability of \$53,489,029 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

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

Inflation	2.60%
Discount Rate	3.00%
Healthcare Cost Trend Rates	7.5% for 2016, decreasing 0.5% per year to an ultimate rate of 4.5% for 2022 and later years
Retirees' Share of Benefit-Related Costs	10% - 65% of projected health insurance premiums for retirees depending on employee group

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the latest published pension mortality study released by the Society of Actuaries, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

C. Changes in the total OPEB Liability

Balance at June 30, 2017	\$ 50,403,928
Changes for the year:	
Service Cost	2,398,774
Interest	1,572,854
Changes of benefit terms	-
Differences between expected and actual experience	(132,519)
Changes in assumptions or other inputs	-
Benefit Payments	<u>(754,008)</u>
Net Changes	<u>3,085,101</u>
Balance at June 30, 2018	<u>\$ 53,489,029</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2 percent) or 1 percentage point higher (4 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 64,490,282</u>	<u>\$ 53,489,029</u>	<u>\$ 44,902,674</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current healthcare cost trend rate:

	<u>1% Decrease (6.5% Decreasing to 3.5%)</u>	<u>Healthcare Cost Trend Rate (7.5% Decreasing to 4.5%)</u>	<u>1% Increase (8.5% Decreasing to 5.5%)</u>
Total OPEB Liability	<u>\$ 42,901,915</u>	<u>\$ 53,489,029</u>	<u>\$ 67,780,438</u>

See independent auditor’s report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

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

For the year ended June 30, 2018, the District recognized OPEB Expense of \$3,958,242. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (119,133)
Changes of assumptions or other inputs	-	-
Contributions subsequent to the measurement period	-	-
Total	<u>\$ -</u>	<u>\$ (119,133)</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2019	\$ (13,386)
2020	(13,386)
2021	(13,386)
2022	(13,386)
2023	(13,386)
Thereafter	<u>(52,203)</u>
	<u>\$ (119,133)</u>

NOTE 11 – RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. 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.

The District participates in the Rensselaer-Columbia-Greene Health Insurance Trust, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

See independent auditor's report.

CATSKILL CENTRAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018

NOTE 12 – CONTINGENT LIABILITIES:

A. Litigation:

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

Additionally, the District has various cases pending; legal counsel has been appointed. All cases are being vigorously defended. Any future obligations related to such cases are undetermined.

B. Other:

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

NOTE 13 – RESTATEMENT OF NET POSITION:

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of Statement No. 75 requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB.

For the fiscal year ended June 30, 2018, the District restated the fixed asset opening balance due fact that there was a number of inaccuracies in the amounts recorded in equipment buildings and depreciation. This resulted in a net decrease of \$45,532 in assets and decreasing the net position by same amount.

The District's net position has been restated as follows:

Net Position Beginning of Year, as Previously Stated	<u>\$ 12,105,693</u>
GASB Statement No. 75 Implementation	(27,150,681)
Fixed Assets	<u>(45,532)</u>
	<u>(27,196,213)</u>
Net Position Beginning of Year, as Restated	<u>\$ (15,090,520)</u>

See independent auditor's report.

SUPPLEMENTARY INFORMATION

CATSKILL CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP) BASIS AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local Sources:				
Real Property Taxes	\$ 17,746,948	\$ 17,746,948	\$ 16,147,887	\$ (1,599,061)
Other Tax Items	3,407,000	3,407,000	5,026,225	1,619,225
Charges for Services	83,600	83,600	7,778	(75,822)
Use of Money and Property	75,000	75,000	155,005	80,005
Sale of Property and Compensation for Loss	-	-	92,916	92,916
Miscellaneous	348,750	348,750	278,323	(70,427)
Interfund Revenues	-	-	-	-
Total Local Sources	21,661,298	21,661,298	21,708,134	46,836
State Sources	17,921,490	17,921,490	17,934,359	12,869
Federal Sources	15,000	15,000	94,639	79,639
Retirement System Credits	-	-	-	-
Total Revenues	39,597,788	39,597,788	39,737,132	139,344
OTHER FINANCING SOURCES				
Transfers from Other Funds	-	-	-	-
Appropriated Reserves	-	45,000	-	(45,000)
Designated Fund Balance and Encumbrances Carried Forward From Prior Year	352,212	422,842	-	(422,842)
Total Revenues and Other Financing Sources	\$ 39,950,000	\$ 40,065,630	\$ 39,737,132	\$ (328,498)

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP) BASIS AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
EXPENDITURES					
General Support:					
Board of Education	\$ 39,239	\$ 32,436	\$ 16,931	\$ -	\$ 15,506
Central Administration	195,555	202,358	201,522	-	835
Finance	433,355	489,955	477,542	-	12,414
Staff	138,763	139,065	73,922	-	65,144
Central Services	2,494,132	2,540,844	2,296,384	52,726	191,734
Special Items	465,947	465,947	458,258	-	7,689
Total General Support	3,766,991	3,870,606	3,524,558	52,726	293,322
Instruction:					
Instruction, Administration and Improvement	1,190,844	1,185,844	1,010,607	-	175,237
Teaching - Regular School	9,580,027	9,679,129	9,434,427	20,705	223,997
Programs for Students with Disabilities	6,003,035	5,814,266	5,619,536	1,238	193,492
Occupational Education	716,371	807,488	807,488	-	-
Teaching - Special School	125,825	125,825	47,306	849	77,670
Instructional Media	1,075,633	1,114,040	1,047,184	-	66,857
Pupil Services	1,550,293	1,665,110	1,568,010	4,325	92,775
Total Instruction	20,242,028	20,391,702	19,534,557	27,117	830,028
Pupil Transportation	2,903,205	2,824,691	2,494,800	-	329,892
Community Services	-	-	-	-	-
Employee Benefits	8,784,434	8,708,897	8,049,564	-	659,333
Debt Service:					
Principal	3,019,278	3,024,278	3,024,278	-	-
Interest	1,161,064	1,156,064	1,108,315	-	47,749
Total Debt Service	4,180,342	4,180,342	4,132,593	-	47,749
Total Expenditures	39,877,000	39,976,238	37,736,072	79,843	2,160,322
OTHER FINANCING USES					
Operating Transfers Out	73,000	89,392	89,392	-	-
Total Expenditures and Other Uses	\$ 39,950,000	\$ 40,065,630	37,825,465	\$ 79,843	\$ 2,160,322
Net Change in Fund Balances			1,911,667		
Fund Balance - Beginning			11,191,527		
Fund Balance - Ending			\$ 13,103,194		

See independent auditor's report and notes to the financial statements.

**CATSKILL CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total OPEB Liability										
Service Cost	\$ 2,398,774	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,572,854	-	-	-	-	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(132,519)	-	-	-	-	-	-	-	-	-
Changes of Assumption or Other Inputs	-	-	-	-	-	-	-	-	-	-
Benefit Payments	(754,008)	-	-	-	-	-	-	-	-	-
Net Change in Total OPEB Liability	3,085,101	-	-	-	-	-	-	-	-	-
Total OPEB Liability - Beginning	50,403,928	-	-	-	-	-	-	-	-	-
Total OPEB Liability - Ending	\$ 53,489,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	15,267,740	-	-	-	-	-	-	-	-	-
Total OPEB Liability as a Percentage of Covered-Employee Payroll	350.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

Changes of Assumptions:

Changes of Assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.00%
2017	0.00%
2016	0.00%
2015	0.00%
2014	0.00%
2013	0.00%
2012	0.00%
2011	0.00%
2010	0.00%
2009	0.00%

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

In accordance with New York State Law, the District's Defined Benefit OPEB Plan is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Accordingly, the District does not have net assets accumulated in a trust.

CATSKILL CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018

LAST 10 FISCAL YEARS*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
The District's Proportion of the Net Pension Liability (Asset)	0.0096432%	0.0099093%	0.0108217%	0.0110741%	-	-	-	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset)	\$ 311,228	\$ 931,099	\$ 1,736,917	\$ 374,109	-	-	-	-	-	-
The District's Covered Employee Payroll	\$ 2,615,514	\$ 3,170,889	\$ 3,322,036	\$ 3,687,603	-	-	-	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	11.90%	29.36%	52.28%	10.15%	-	-	-	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.24%	94.70%	90.68%	97.95%	-	-	-	-	-	-

* The amounts presented for each fiscal year were determined as of 3/31

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S CONTRIBUTIONS
 FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2018

LAST 10 FISCAL YEARS

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	\$ 349,777	\$ 509,375	\$ 604,967	\$ 341,032	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	\$ 349,777	\$ 509,375	\$ 604,967	\$ 341,032	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-
The District's Covered Employee Payroll	\$ 2,615,514	\$ 3,170,889	\$ 3,322,036	\$ 3,687,603	-	-	-	-	-	-
Contributions as a Percentage of a Covered Employee Payroll	13.37%	16.06%	18.21%	9.25%	-	-	-	-	-	-

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
 FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2018

LAST 10 FISCAL YEARS*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
The District's Proportion of the Net Pension Liability (Asset)	0.08322%	0.08359%	0.08372%	0.08564%	-	-	-	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset)	\$ (632,542)	\$ 895,258	\$ (8,695,893)	\$ (9,540,184)	-	-	-	-	-	-
The District's Covered Employee Payroll	\$ 13,460,896	\$ 13,486,347	\$ 13,146,766	\$ 11,962,421	-	-	-	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	-4.70%	6.64%	-66.14%	-79.75%	-	-	-	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.66%	99.01%	110.46%	111.48%	-	-	-	-	-	-

* The amounts presented for each fiscal year were determined as of 6/30

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S CONTRIBUTIONS
 FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2018

LAST 10 FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually Required Contribution	\$ 1,545,559	\$ 1,710,328	\$ 2,204,565	\$ 2,055,775	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	\$ 1,545,559	\$ 1,710,328	\$ 2,204,565	\$ 2,055,775	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	-	-	-	-	-	-
The District's Covered Employee Payroll	\$ 13,460,896	\$ 13,486,347	\$ 13,146,766	\$ 11,962,421	-	-	-	-	-	-
Contributions as a Percentage of a Covered Employee Payroll	11.48%	12.68%	16.77%	17.19%	-	-	-	-	-	-

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
 AND SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION
 FOR THE YEAR ENDED JUNE 30, 2018

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 39,950,000
Add: Prior Year's Encumbrances	<u>70,630</u>
Original Budget	40,020,630
Budget Revisions:	<u>45,000</u>
Final Budget	<u>\$ 40,065,630</u>
Next Year's Budget is a (Voter-Approved) Budget of	<u>\$ 41,793,028</u>

SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-2019 Expenditure Budget Maximum Allowed	<u>\$ 41,793,028</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Committed Fund Balance	\$ -
Assigned Fund Balance	1,028,122
Unassigned Fund Balance	<u>5,943,634</u>
Total Unrestricted Fund Balance	<u>6,971,756</u>
Less:	
Appropriated Fund Balance 18-19 Budget	948,280
Insurance Recovery Reserve	-
Tax Reduction Reserve	-
Encumbrances Included in Committed and Assigned Fund Balance	<u>79,842</u>
Total Adjustments	<u>1,028,122</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 5,943,634</u>
Actual Percentage	14.22%

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2018

Supplemental Schedule #8

<i>PROJECT TITLE</i>	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing			
			Prior Years	Current Year	Total		Proceeds of Obligation	State Aid	Local Sources	Total
Major Capital Projects:										
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Totals may not add due to rounding.

CATSKILL CENTRAL SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION

Supplemental Schedule #9

SCHEDULE OF COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Aid	Cafeteria	Capital Projects	Total Non-Major
ASSETS				
Cash:				
Unrestricted	\$ 159,491	\$ 151,279	\$ 4	\$ 310,774
Restricted	-	-	-	-
Investments:				
Unrestricted	-	-	-	-
Restricted	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from Other Funds	-	-	-	-
State and Federal Aid	620,615	-	-	620,615
Due from Other Governments	-	-	-	-
Other	-	3,999	-	3,999
Inventories	-	14,902	-	14,902
Deferred Expenditures	-	-	-	-
Capital Assets, Net	-	-	-	-
Total Assets	<u>\$ 780,106</u>	<u>\$ 170,180</u>	<u>\$ 4</u>	<u>\$ 950,289</u>
LIABILITIES				
Payables:				
Accounts Payable	\$ 105	\$ 3,637	\$ -	\$ 3,742
Accrued Liabilities	-	-	-	-
Due to Other Funds	780,001	-	4	780,005
Due to Other Governments	-	194	-	194
Retainage Payable	-	-	-	-
Bond Interest and Matured Bonds	-	-	-	-
Notes Payable:				
Tax Anticipation	-	-	-	-
Revenue Anticipation	-	-	-	-
Bond Anticipation	-	-	-	-
Deferred Credits:				
Overpayments and Collections in Advance	-	-	-	-
Deferred Revenues	-	4,597	-	4,597
Planned Balance	-	-	-	-
Long-Term Liabilities:				
Due to Teachers' Retirement System	-	-	-	-
Due to Employees' Retirement System	-	-	-	-
Compensated Absences Payable	-	-	-	-
Other Post Employment Benefits Payable	-	-	-	-
Judgments & Claims Payable	-	-	-	-
Other Liabilities	-	-	-	-
Total Liabilities	<u>780,106</u>	<u>8,428</u>	<u>4</u>	<u>788,537</u>
FUND BALANCES				
Non Spendable	-	14,902	-	14,902
Reserved (Specify)	-	-	-	-
Committed	-	-	-	-
Assigned	-	146,851	-	146,851
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>161,752</u>	<u>-</u>	<u>161,752</u>
Total Liabilities and Fund Balances	<u>\$ 780,106</u>	<u>\$ 170,180</u>	<u>\$ 4</u>	<u>\$ 950,289</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Aid	Cafeteria	Capital Projects	Total Non-Major
REVENUES				
Real Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Tax Items	-	-	-	-
Nonproperty Taxes	-	-	-	-
Charges for Services	-	-	-	-
Use of Money and Property	-	149	-	149
Sale of Property and Compensation for Loss	-	-	-	-
Miscellaneous	-	99,366	-	99,366
Interfund Revenue	-	-	-	-
State Sources	444,633	11,377	-	456,010
Medicaid Reimbursement	-	-	-	-
Federal Sources	1,236,394	411,079	-	1,647,473
Surplus Food	-	32,205	-	32,205
Sales - School Lunch	-	58,337	-	58,337
Total Revenues	<u>1,681,027</u>	<u>612,512</u>	<u>-</u>	<u>2,293,540</u>
EXPENDITURES				
General Support	-	-	-	-
Instruction	1,587,727	-	-	1,587,727
Pupil Transportation	113,490	-	-	113,490
Community Service	49,810	-	-	49,810
Employee Benefits	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Cost of Sales	-	648,935	-	648,935
Other Expenditures	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,751,027</u>	<u>648,935</u>	<u>-</u>	<u>2,399,962</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(70,000)</u>	<u>(36,422)</u>	<u>-</u>	<u>(106,422)</u>
OTHER FINANCING SOURCES AND USES				
Proceeds from Debt	-	-	-	-
Operating Transfers In	70,000	19,392	-	89,392
Operating Transfers (Out)	-	-	-	-
Rounding	-	-	-	-
Total Other Sources (Uses)	<u>70,000</u>	<u>19,392</u>	<u>-</u>	<u>89,392</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	(17,030)	-	(17,030)
Fund Balances - Beginning of Year, Restated	-	178,782	-	178,782
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ 161,752</u>	<u>\$ -</u>	<u>\$ 161,752</u>

Note: Totals may not add due to rounding.

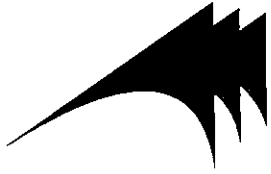
See independent auditor's report and notes to the financial statements.

CATSKILL CENTRAL SCHOOL DISTRICT
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
 FOR THE YEAR ENDED JUNE 30, 2018

Capital Assets, Net		\$ <u>44,553,266</u>
Add:		
Unamortized Bond Issuance Costs	\$ <u>907,552</u>	
Total Additions		<u>907,552</u>
Deduct:		
Short-Term Portion of Bonds Payable	3,060,000	
Long-Term Portion of Bonds Payable	21,575,000	
Short-Term Portion of Installment Purchase Debt	-	
Long-Term Portion of Installment Purchase Debt	-	
Unamortized Bond Issuing Discount	<u>1,499,884</u>	
Total Deductions		<u>26,134,884</u>
Investment in Capital Assets, Net of Related Debt		<u>\$ 19,325,934</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.



Sickler, Torchia
 Allen & Churchill, CPA's, PC
Your Partner When It Counts

Robert J. Allen, CPA
 Victor V. Churchill, CPA
 Edward J. Gower II, CPA
 Joseph J. Montalto, CPA
 Craig R. Sickler, CPA
 Michael A. Torchia, Jr., CPA, CVA

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

To the Board of Education
 Catskill Central School District
 Catskill, 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 Catskill Central School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 9, 2018.

Internal Control Over Financial Reporting:

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

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

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

CATSKILL CENTRAL SCHOOL DISTRICT

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

Compliance and Other Matters:

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

Purpose of this Report:

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



Hudson, New York

October 9, 2018