

NEW PALTZ CENTRAL SCHOOL DISTRICT

***GENERAL PURPOSE
FINANCIAL STATEMENTS***

JUNE 30, 2018

NEW PALTZ CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To The Board of Education of the
New Paltz Central School District
New Paltz, New York

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

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.

Auditors' Responsibility

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

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

Unmodified Opinions

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

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, on pages 4 through 10 and 53 through 58, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Paltz Central School District, New York's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The prior year summarized comparative information has been derived from the District's June 30, 2017 financial statements and, in our report dated September 13, 2017, we expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2018 on our consideration of the New Paltz Central School District, New York's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the New Paltz Central School District, New York's internal control over financial reporting and compliance.



Mongaup Valley, New York
October 3, 2018

NEW PALTZ CENTRAL SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

This section of School 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 School 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 School District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial reserves were maintained relatively level in 2017-2018. Details are given below.
 - Planned – Continued funding of Workers Compensation and Liability Reserve Funds. This maintained the reserved fund balances at the \$503,700 level.
 - Planned – Increase in reserve for encumbrances from \$900,000 to \$1,055,000
 - Planned – Increase of Appropriated Fund Balance from \$1,500,000 to \$1,535,000. This allowed for no program reductions in the 2018-2019 budget.
 - Planned – Unappropriated fund balance near statutory limit of 4% (from \$2.054 K to \$2.420 K). This was due to expenditure savings.
- General Fund revenues were \$58.20 million, while expenses were \$57.65 million. The difference resulted in an increase in the total fund balance, both reserved and unreserved, to \$5.73 million (an increase of \$0.55 million).
- The carryover encumbrances increased from \$900 thousand on 6/30/2017 to \$1,050 thousand on June 30, 2018. This June 30, 2018 number was slightly higher than the typical carryover encumbrances of \$500K to \$800K due to carry over for new Transportation fuel tanks (\$300 K).
- After several years of losses due to new federal regulations and a resulting fund balance of essentially zero, the General Fund started (out of necessity) to support the Food Service program in 2013-2014. Revenues for the Food Service Program were \$997 thousand which included \$270 thousand of support from the General Fund, while expenses were \$976 thousand. This resulted in a gain of \$21 thousand dollars, but without support of the General Fund, the actual result would have been a loss of \$249 thousand. It should be noted that starting in 2014-15 all of the employee benefits attributable to the Food Service program were charged to the program. Many of these had been charged to the General Fund in the past.
- The District has one remaining bond outstanding will be paid off in 2018-2019. In addition, a \$4M NYPA borrowing from October 2013 had a balance of \$800 thousand and was paid off in September 2017 (2017-2018 school year).
- \$700,000 from the Capital Reserve was used to offset a portion of the \$52.9 million. In addition another \$900,000 was paid out of the general fund in 2017-2018 and an additional \$1.3 million is scheduled to be paid out of the 2018-2019 budget. The resulting new debt payments will start in 2020-2021 and will align with retiring debt (mentioned above) from the previous bonds so there will be no increase on the tax levy in 2019-20 or 2020-2021 due to the new bonds.
- The voters approved a \$52.9 million bond referendum in March 2015. The project started in the 2014-2015 school year and is scheduled to be completed in the 2019-2020 school year. This will be financed through BANs during the years of construction and then the final cost will be converted to bonds in 2018-2019. The first \$15 million in BANs was borrowed during the 2015-2016 school year. This was increased to \$30 million in 2016-2017 and to \$45 million in 2017-2018. It is anticipated that \$50 million in Bonds will be issues in February 2019.

NEW PALTZ CENTRAL SCHOOL DISTRICT

MANAGEMENT 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.

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
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/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

NEW PALTZ CENTRAL SCHOOL DISTRICT
MANAGEMENT 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. 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *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.

NEW PALTZ CENTRAL SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Financial Analysis of the District as a Whole

Assets and Liabilities

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

	Reference Page #	Government and Total School District	
		Activities	
		2018	2017
Assets			
Current and other assets	11	\$27.42	\$29.98
Receivables, inventory	11	\$1.56	\$1.35
Net Pension Asset	11	\$1.00	\$0.00
Capital assets	11	\$51.79	\$31.57
Total assets		<u>\$81.77</u>	<u>\$62.90</u>
Deferred Outflow of Resources	11	\$20.56	\$15.68
Liabilities			
Payables	12	\$3.52	\$0.90
BANS payable	12	\$44.76	\$30.00
Other liabilities	12	\$3.08	\$3.47
Non-current Liabilities			
Due within one year -reportable	12	\$3.14	\$4.73
Due beyond one year - reportable	12	\$120.73	\$54.98
Net Pension Liability	12	\$0.70	\$3.39
Total liabilities		<u>\$175.93</u>	<u>\$97.47</u>
Deferred Infow of Resources - Pensions		\$5.22	\$0.88
Note: Assets - Liabilities = Net Position		(\$78.82)	(\$19.77)
Net position			
Net investment in capital assets	12	\$20.50	\$18.36
Restricted	12	\$0.50	\$0.50
Unrestricted - reportable	12	(\$99.81)	(\$38.63)
Total net position		<u>(\$78.81)</u>	<u>(\$19.77)</u>
<i>Note: totals may not add due to rounding.</i>			

The District's net position shows a deficit mainly due to the liability for post-retirement obligation for health insurance.

NEW PALTZ CENTRAL SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Governmental Activities/ Changes in Net Position

The District's net position due to government activities decreased by \$5.85 million. (Figure A-3).

Figure A-3
Changes in Net Position from Operating Results (in millions of dollars)

	Reference Page #	Government and Total School District Activities	
		2018	2017
Revenues			
Property taxes and tax items	18	\$ 41.56	\$ 40.54
Charges for services	18	\$ 0.43	\$ 0.40
Use/Sales of Money and Property	18	\$ 0.15	\$ 0.07
Misc Local Sources	18	\$ 0.69	\$ 0.72
State formula aid	18	\$ 15.83	\$ 14.78
Federal Aid	18	\$ 1.09	\$ 1.11
Premium on obligations	18	\$ 0.47	\$ 0.33
Food sales & surplus	18	\$ 0.43	\$ 0.38
Total revenues		<u>\$ 60.65</u>	<u>\$ 58.33</u>
Expenses			
General support	13	\$ 6.14	\$ 5.57
Instruction	13	\$ 51.53	\$ 44.55
Pupil Transportation	13	\$ 6.72	\$ 5.84
Debt Service	13	\$ 0.98	\$ 2.64
School Lunch Program	13	\$ 1.13	\$ 1.02
Total expenses		<u>\$ 66.50</u>	<u>\$ 59.62</u>
Excess (deficiency) of revenues over expenses	13	\$ (5.85)	\$ (1.29)
Increase (decrease) in net position:		<u>\$ (5.85)</u>	<u>\$ (1.29)</u>

Note: totals may not add due to rounding.

NEW PALTZ CENTRAL SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Figure A-4

Sources of Revenues for Fiscal Year 2017-2018

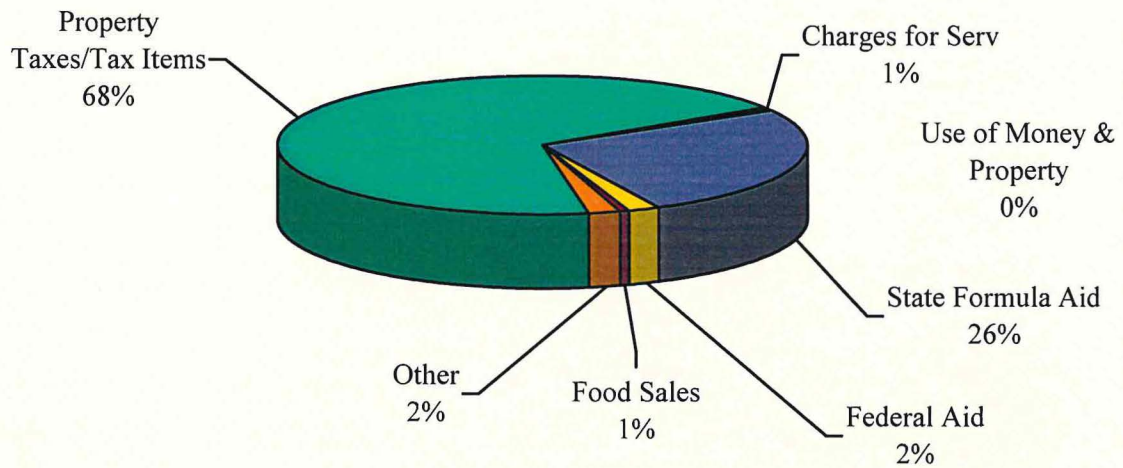
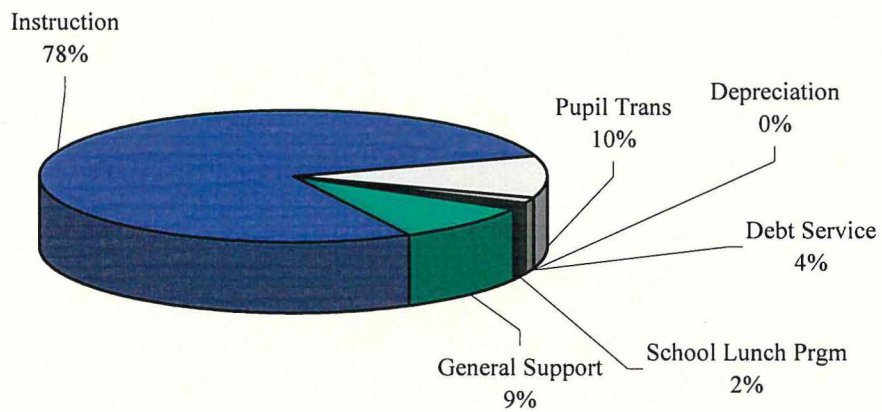


Figure A-5

Expenses for Fiscal Year 2017-2018



NEW PALTZ CENTRAL SCHOOL DISTRICT
MANAGEMENT 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 reported a General Fund balance of \$5.73 million; a \$0.55 million increase over last year's ending fund balance of \$5.18 million.

General Fund Budgetary Highlights

The District's budget for the General Fund anticipated that revenues would be \$1.50 million less than expenditures. The actual results for the year were showed that revenues exceeded expenditures by \$0.55 million.

- Actual revenues were \$58.20 million, \$ 0.70 million less than budgeted
- Actual expenditures were \$57.65 million, \$2.25 million less than the final budget,

Long-Term Debt

During the 2014-2015 school year the District refinanced the two outstanding bonds. The District also finished an Energy Performance Contract which resulted in \$4.0 million of new debt during the 2013-2014 school year. The total amount of long-term debt owed is reflected in Figure A-6

<i>Figure A-6</i>			
<i>Outstanding Long-Term Debt (in millions of dollars)</i>			
		Total	
		School District	
(financed with property taxes)	Reference Page #	2018	2017
General obligation bonds & note 9	42	\$1.34	\$3.37
Energy Performance Contract	42	\$0.00	\$0.79
Judgments and Claims	42	\$0.00	\$0.00
Compensated absences	42	\$0.24	\$0.31
Net OPEB Obligation	42	\$122.28	\$55.24
Net Pension Liability	50	\$0.70	\$3.39
TOTAL		\$124.56	\$63.10

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office; New Paltz Central School District; New Paltz, New York 12561, phone 845-256-4010.

NEW PALTZ CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash	\$ 26,704,625	\$ 29,471,424
Cash - Restricted	503,700	503,700
Accounts Receivable	-	9,508
State and Federal Aid Receivable	940,961	792,096
Due From Other Governments	583,176	511,661
Due From Fiduciary Funds	4,197	2,575
Inventory	35,904	36,737
Prepaid Expenses	<u>213,951</u>	<u>-</u>
Total Current Assets	<u>28,986,514</u>	<u>31,327,701</u>
Non-Current Assets		
Net Pension Asset	1,000,565	-
Capital Assets	72,891,025	51,464,306
Less: Accumulated Depreciation	<u>(21,095,394)</u>	<u>(19,892,208)</u>
Total Non-Current Assets	<u>52,796,196</u>	<u>31,572,098</u>
TOTAL ASSETS	<u>81,782,710</u>	<u>62,899,799</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	15,799,339	15,552,464
OPEB Liability	4,765,474	-
Deferred Charge on Refunding, net	<u>-</u>	<u>124,645</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>20,564,813</u>	<u>15,677,109</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

(Continued)

	<u>2018</u>	<u>2017</u>
LIABILITIES		
Accounts Payable	\$ 3,524,053	\$ 900,272
Accrued Liabilities	406,606	430,268
BAN Payable	44,759,300	30,000,000
Due To Other Governments	162,108	195,682
Due To TRS	2,242,689	2,575,632
Due To ERS	251,490	245,425
Unearned Revenues	<u>20,253</u>	<u>18,525</u>
 Total Current Liabilities	 <u>51,366,499</u>	 <u>34,365,804</u>
 Non-Current Liabilities		
Due Within One Year:		
Serial Bonds	1,340,000	2,030,000
Energy Performance Contract	-	203,171
Net OPEB Obligation	-	2,500,000
Total OPEB Liability	1,800,000	-
Due Beyond One Year:		
Serial Bonds	-	1,340,000
Energy Performance Contract	-	586,003
Net OPEB Obligation	-	52,738,935
Total OPEB Liability	120,485,341	-
Compensated Absences	243,601	312,457
Net Pension Liability	<u>698,883</u>	<u>3,394,737</u>
 Total Non-Current Liabilities	 <u>124,567,825</u>	 <u>63,105,303</u>
 TOTAL LIABILITIES	 <u>175,934,324</u>	 <u>97,471,107</u>
 DEFERRED INFLOWS OF RESOURCES		
Pensions	<u>5,218,883</u>	<u>878,980</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>5,218,883</u>	 <u>878,980</u>
 NET POSITION		
Net Investment In Capital Assets	20,497,379	18,359,436
Restricted	503,700	503,700
Unrestricted	<u>(99,806,763)</u>	<u>(38,636,315)</u>
 TOTAL NET POSITION	 <u>\$ (78,805,684)</u>	 <u>\$ (19,773,179)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE NET FIGURES FOR THE YEAR ENDED JUNE 30, 2017)

	<u>PROGRAM REVENUES</u>				<u>NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION</u>	
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND DONATION</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>2018</u>	<u>2017</u>
FUNCTIONS/PROGRAMS						
General Support	\$ 6,143,209	\$ -	\$ -	\$ -	\$ (6,143,209)	\$ (5,564,981)
Instruction	51,531,288	435,269	1,119,993	-	(49,976,026)	(42,841,523)
Pupil Transportation	6,723,253	-	33,058	-	(6,690,195)	(5,802,863)
Debt Service	981,561	-	-	-	(981,561)	(2,643,229)
School Lunch Program	<u>1,131,515</u>	<u>430,432</u>	<u>296,025</u>	<u>-</u>	<u>(405,058)</u>	<u>(317,832)</u>
TOTAL FUNCTIONS AND PROGRAMS	<u>66,510,826</u>	<u>865,701</u>	<u>1,449,076</u>	<u>-</u>	<u>(64,196,049)</u>	<u>(57,170,428)</u>
GENERAL REVENUES						
Real Property Taxes					38,347,409	37,276,339
Other Tax Items					3,210,636	3,256,520
Investment Earnings					150,014	67,654
Sale of Property and Compensation For Loss					28,018	199,523
Miscellaneous Local Sources					632,230	464,053
Premium on Obligations					470,870	332,300
State Sources					<u>15,505,732</u>	<u>14,278,880</u>
TOTAL GENERAL REVENUES					<u>58,344,909</u>	<u>55,875,269</u>
CHANGE IN NET POSITION					(5,851,140)	(1,295,159)
TOTAL NET POSITION - Beginning of Year (Restated)					<u>(72,954,544)</u>	<u>(18,478,020)</u>
TOTAL NET POSITION - End of Year					<u>\$ (78,805,684)</u>	<u>\$ (19,773,179)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR FUND</u>		<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>2017 TOTALS</u>
					<u>DEBT SERVICE</u>	<u>MISCELLANEOUS SPECIAL REVENUE</u>		
ASSETS								
Cash	\$ 4,998,709	\$ 1,615,664	\$ 1,161,272	\$ 17,785,043	\$ 1,109,643	\$ 34,294	\$ 26,704,625	\$ 29,471,424
Cash – Restricted	503,700	-	-	-	-	-	503,700	503,700
Accounts Receivable	-	-	-	-	-	-	-	9,508
Due From Other Funds	2,972,043	-	-	1,139,300	-	-	4,111,343	2,941,233
State And Federal Aid Receivable	614,420	306,746	19,795	-	-	-	940,961	792,096
Due From Other Governments	583,176	-	-	-	-	-	583,176	511,661
Inventories	-	-	35,904	-	-	-	35,904	36,737
Prepaid Expenses	<u>213,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,951</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 9,885,999</u>	<u>\$ 1,922,410</u>	<u>\$ 1,216,971</u>	<u>\$ 18,924,343</u>	<u>\$ 1,109,643</u>	<u>\$ 34,294</u>	<u>\$ 33,093,660</u>	<u>\$ 34,266,359</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

LIABILITIES AND FUND BALANCES LIABILITIES	GENERAL	NON-MAJOR FUND					TOTAL GOVERNMENTAL FUNDS	2017 TOTALS
		SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	MISCELLANEOUS SPECIAL REVENUES		
Accounts Payable	\$ 336,950	\$ -	\$ 14,422	\$ 3,171,149	\$ -	\$ 1,532	\$ 3,524,053	\$ 900,272
Accrued Liabilities	26,046	-	-	-	-	3,047	29,093	181,334
BAN Payable	-	-	-	44,759,300	-	-	44,759,300	30,000,000
Due To Other Governments	161,611	-	497	-	-	-	162,108	195,682
Due To Other Funds	1,139,300	1,922,410	1,042,876	-	-	2,560	4,107,146	2,938,658
Due To Teachers' Retirement System	2,242,689	-	-	-	-	-	2,242,689	2,575,632
Due To Employees' Retirement System	251,490	-	-	-	-	-	251,490	245,425
Unearned Revenues	-	-	20,253	-	-	-	20,253	18,525
TOTAL LIABILITIES	4,158,086	1,922,410	1,078,048	47,930,449	-	7,139	55,096,132	37,055,528
FUND BALANCES								
Nonspendable:								
Inventory	-	-	35,904	-	-	-	35,904	36,737
Prepaid Items	213,951	-	-	-	-	-	213,951	-
Restricted:								
Reserve For Repairs	3,700	-	-	-	-	-	3,700	3,700
Reserve For Unemployment	200,000	-	-	-	-	-	200,000	200,000
Reserve For Workers Compensation	200,000	-	-	-	-	-	200,000	200,000
Reserve For Liability	100,000	-	-	-	-	-	100,000	100,000
Assigned:								
Encumbrances	1,055,000	-	-	-	-	-	1,055,000	900,000
Appropriated	1,535,000	-	-	-	-	-	1,535,000	1,500,000
Unappropriated	-	-	103,019	292,846	1,109,643	27,155	1,532,663	1,270,123
Unassigned	2,420,262	-	-	(29,298,952)	-	-	(26,878,690)	(6,999,729)
TOTAL FUND BALANCES	5,727,913	-	138,923	(29,006,106)	1,109,643	27,155	(22,002,472)	(2,789,169)
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,885,999	\$ 1,922,410	\$ 1,216,971	\$ 18,924,343	\$ 1,109,643	\$ 34,294	\$ 33,093,660	\$ 34,266,359

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET POSITION
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>2018</u>	<u>2017</u>
Total Fund Balance – Governmental Funds	\$ (22,002,472)	\$ (2,789,169)
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2018 are \$72,891,025 and \$21,095,394, respectively.</p>	51,795,631	31,572,098
<p>Refunding bond issuance costs are reported in the governmental funds as expenditures when paid. In the statement of net position, the costs are capitalized and amortized over the life of the bonds. Deferred refunding bond costs and accumulated amortization at June 30, 2018 are \$0 and \$0 respectively. (See Note 15)</p>	-	124,645
<p>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 governmental funds</p>		
<p>Net Pension Asset</p>	1,000,565	
<p>Deferred Outflows of Resources</p>	15,799,339	
<p>Net Pension Liability</p>	(698,883)	
<p>Deferred Inflows of Resources</p>	<u>(5,218,883)</u>	
	10,882,138	11,278,747
<p>Long-term asset and liability associated with the OPEB liability are not current financial resources or obligations and are not reported in the governmental funds</p>		
<p>Deferred Outflows of Resources</p>	4,765,474	
<p>Deferred Inflows of Resources</p>	-	
<p>Total OPEB Liability</p>	<u>(122,285,341)</u>	
	(117,519,867)	-
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
<p>Serial Bonds</p>	(1,340,000)	
<p>Energy Performance Contract</p>	-	
<p>Compensated Absences</p>	(243,601)	
<p>Net OPEB Obligation</p>	<u>-</u>	
	(1,583,601)	(59,710,566)
<p>Accrued interest on 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.</p>	<u>(377,513)</u>	<u>(248,934)</u>
Net Position of Governmental Activities	<u>\$ (78,805,684)</u>	<u>\$ (19,773,179)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	NON-MAJOR FUND		TOTAL GOVERNMENTAL FUNDS	2017 TOTALS
					DEBT SERVICE	MISCELLANEOUS SPECIAL REVENUE		
REVENUES								
Real Property Taxes	\$ 38,347,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,347,409	\$ 37,276,339
Other Tax Items	3,210,636	-	-	-	-	-	3,210,636	3,256,520
Charges For Services	430,967	-	-	-	-	4,302	435,269	401,142
Use of Money and Property	45,036	-	229	-	104,749	-	150,014	67,654
Sale of Property and Compensation for Loss	28,081	-	-	-	-	-	28,081	209,167
Miscellaneous Local Sources	630,830	5,704	-	1,400	-	22,069	660,003	507,138
State Sources	15,505,732	320,188	10,246	-	-	-	15,836,166	14,783,637
Federal Sources	-	805,027	285,779	-	-	-	1,090,806	1,112,209
Sales	-	-	430,432	-	-	-	430,432	383,036
TOTAL REVENUES	58,198,691	1,130,919	726,686	1,400	104,749	26,371	60,188,816	57,996,842
OTHER FINANCING SOURCES								
Interfund Transfers In	-	80,047	270,000	659,300	-	-	1,009,347	525,338
BAN's Redeemed From Appropriations	-	-	-	240,700	-	-	240,700	480,000
Premium On Obligations	-	-	-	-	470,870	-	470,870	332,300
TOTAL REVENUES AND OTHER FINANCING SOURCES	58,198,691	1,210,966	996,686	901,400	575,619	26,371	61,909,733	59,334,480
EXPENDITURES								
General Support	4,468,102	-	-	-	-	-	4,468,102	4,303,508
Instruction	29,189,010	1,132,850	-	-	-	32,898	30,354,758	29,243,757
Pupil Transportation	3,926,188	41,322	-	-	-	-	3,967,510	3,665,281
Employees Benefits	15,465,105	36,794	157,916	-	-	-	15,659,815	14,935,467
Debt Service:								
Principal	3,059,874	-	-	-	-	-	3,059,874	4,102,298
Interest	530,682	-	-	-	322,300	-	852,982	375,108
Cost of Sales	-	-	818,353	-	-	-	818,353	785,820
Capital Outlay	-	-	-	21,186,048	-	-	21,186,048	5,938,462
TOTAL EXPENDITURES	56,638,961	1,210,966	976,269	21,186,048	322,300	32,898	80,367,442	63,349,701

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

(Continued)

	NON-MAJOR FUND						TOTAL GOVERNMENTAL FUNDS	2017 TOTALS
	I	I	I	I	I	I		
	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>MISCELLANEOUS SPECIAL REVENUE</u>		
OTHER USES								
Interfund Transfers Out	\$ 1,009,347	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,009,347	\$ 525,338
TOTAL EXPENDITURES AND OTHER USES	<u>57,648,308</u>	<u>1,210,966</u>	<u>976,269</u>	<u>21,186,048</u>	<u>322,300</u>	<u>32,898</u>	<u>81,376,789</u>	<u>63,875,039</u>
NET CHANGE IN FUND BALANCES	550,383	-	20,417	(20,284,648)	253,319	(6,527)	(19,467,056)	(4,540,559)
FUND BALANCE – Beginning of Year (Restated)	<u>5,177,530</u>	<u>-</u>	<u>118,506</u>	<u>(8,721,458)</u>	<u>856,324</u>	<u>33,682</u>	<u>(2,535,416)</u>	<u>1,751,390</u>
FUND BALANCE – End of Year	<u>\$ 5,727,913</u>	<u>\$ -</u>	<u>\$ 138,923</u>	<u>\$ (29,006,106)</u>	<u>\$ 1,109,643</u>	<u>\$ 27,155</u>	<u>\$ (22,002,472)</u>	<u>\$ (2,789,169)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2018
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	<u>2018</u>	<u>2017</u>
Total Net Change in Fund Balances – Governmental Funds	\$ (19,467,056)	\$ (4,540,559)

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

Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.

Depreciation Expenses	(1,203,186)		
Capital Outlay	<u>21,426,719</u>	20,223,533	4,986,383

Repayment of principal on long term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Serial Bonds	2,030,000		
Energy Performance Contract	<u>789,174</u>	2,819,174	3,622,298

Refunding bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are refunded. However, on the statement of activities, the costs are capitalized and amortized over the life of the bonds. (See Note 15)

Amortization Expense		-	(71,226)
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In the statement of activities, long-term liabilities are reported when the liability is incurred regardless of when the payments are due. In the governmental funds, expenditures for these items are reported by the amount of financial resources used (paid).

Compensated Absences	68,856		
Net OPEB Obligation	<u>-</u>	68,856	(4,755,756)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

(Continued)

	<u>2018</u>	<u>2017</u>
In the governmental funds, the gross proceeds from the sale of assets are reported as revenues. In the statement of activities, the revenues are reduced by the net book value of the disposed asset.	\$ -	\$ (9,644)
(Increases) decreases 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	(450,215)	
Employees' Retirement System	<u>53,606</u>	(348,236)
(Increases) decreases in the OPEB 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.		
Total OPEB Liability	(8,970,459)	-
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.		
Current Year Accrued Interest	(377,513)	
Prior Year Accrued Interest	<u>248,934</u>	<u>(178,419)</u>
Change in Net Position of Governmental Activities	<u>\$ (5,851,140)</u>	<u>\$ (1,295,159)</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2018

	<u>PRIVATE PURPOSE TRUST FUND</u>	<u>AGENCY FUND</u>
ASSETS		
Cash and Cash Equivalents	\$ <u>384,356</u>	\$ <u>96,090</u>
TOTAL ASSETS	<u>384,356</u>	<u>\$ 96,090</u>
LIABILITIES		
Due To Governmental Funds	-	\$ 4,197
Extraclassroom Activity Balances	-	91,792
Agency Liabilities	<u>6,000</u>	<u>101</u>
TOTAL LIABILITIES	<u>6,000</u>	<u>\$ 96,090</u>
Reserved For Scholarships	<u>\$ 378,356</u>	

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2018

	<u>PRIVATE PURPOSE TRUST FUND</u>
ADDITIONS	
Contributions	\$ 34,670
Interest Income	<u>16,718</u>
TOTAL ADDITIONS	<u>51,388</u>
DEDUCTIONS	
Scholarships Awarded	<u>56,225</u>
TOTAL DEDUCTIONS	<u>56,225</u>
Change in Net Position	(4,837)
NET POSITION – Beginning of the Year	<u>383,193</u>
NET POSITION – End of Year	<u>\$ 378,356</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. **Financial Reporting Entity**

The New Paltz Central School District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise School District operations, and are governed by, or significantly influenced by, the Board of Education.

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

The financial reporting entity includes all funds, account groups, functions and organizations over which the School District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of the financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

1. **Included in the Reporting Entity**

Based on the foregoing criteria and the significant factors presented below, the following organizations, functions or activities are included in the reporting entity:

a. **The Extraclassroom Activity Funds**

The Extraclassroom Activity Funds of the New Paltz Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash balances are reported in the Agency Fund of the School District. Separate audited general purpose financial statements (cash basis) of the extraclassroom activity funds can be found at the School District's business office.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Joint Venture

The New Paltz Central School District is a component district in the Ulster County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

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

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component School Districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law. Separate audited financial statements can be obtained by contacting the BOCES' business office.

C. Basis of Presentation

1. 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 nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 operation or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements

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

a. *General Fund*

The General Fund is the principal operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

b. *Special Revenue Fund*

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

1. Special Aid Fund – 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 – used to account for transactions of the School District lunch, breakfast, and milk programs.

c. *Capital Projects Fund*

The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following non-major governmental fund:

a. *Debt Service Fund*

The Debt Service Fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

b. *Miscellaneous Special Revenue Fund*

The Miscellaneous Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes.

Additionally, the District reports the following fund type:

a. *Fiduciary Fund*

This fund is 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. There are two classes of fiduciary funds:

Private Purpose Trust Fund

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

Agency Fund

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.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 is 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 one year after the end of the fiscal year.

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

E. **Property Taxes**

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1st, and became a lien on September 1st. Taxes are collected during the period commencing September 1st and ending November 4th.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the County. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1st.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. **Budgetary Procedures And Budgetary Accounting**

1. **Budget Policies**

The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:

I. General Fund

- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had no supplemental appropriations for the year ended June 30, 2018.

2. **Encumbrances**

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

3. **Budget Basis of Accounting**

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

NEW PALTZ CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. **Cash and Cash Equivalents**

For financial statement purposes, the District considers all highly liquid investments of three months or less as cash equivalents.

H. **Inventory**

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

I. **Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would be immaterial.

J. **Capital Assets**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by the District is \$5,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>
School Buildings	50
Site Improvements	20
Furniture & Equipment	5-20

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

K. **Unearned Revenue**

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

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

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated on the pay rates in effect at year-end.

For the District-wide statements, the current portion is the amount estimated to be used in the following year, in accordance with GAAP. For the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Substantially all of the District's employees may become eligible for these benefits if they reach retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance in the fund financial statements by recording its share of insurance premiums as an expenditure in the year paid. In the District-wide statements, the liability is reported at actuarially calculated amounts (See Note 11).

M. **Interfund Activity**

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

N. **Equity Classifications**

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

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

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

Unrestricted – 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.

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the District and determine which classification of net position will be charged.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-spendable – includes amounts that cannot be spent because they are either not spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes inventory recorded in the School Lunch Fund of \$35,904 and prepaid expenses of \$213,951 in the General Fund.

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:

Unemployment Insurance

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. This reserve is accounted for in the General Fund.

Repair

Used to pay the cost of repairs to capital improvements or equipment. The Board of Education may establish the reserve by majority vote. Voter approval is required to fund the reserve and expenditures may only be made after a public hearing. This reserve is accounted for in the General Fund.

Liability

Used to pay for liability claims incurred. This reserve 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 with a population under 125,000.

Workers' Compensation

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. This reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounting for in the General Fund.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed – includes amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the District’s highest level of decision making authority before the end of the fiscal year, and requires the same level of formal action to remove the constraint. The Board of Education is the decision making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The District has no committed fund balances as of June 30, 2018.

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government’s highest level of decision making authority, or by their designated official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances in the General Fund and appropriated fund balance.

The Board of Education is the decision making authority that can, by resolution, assign fund balance. The District reported encumbrances of \$1,055,000 as assigned fund balance in the General Fund as of June 30, 2018.

Unassigned – represents the residual classification for the General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the district’s General Fund budget for the ensuing fiscal year. Non-spendable 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.

Order of Use of Fund Balance:

When resources are available from multiple fund balance classifications, the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. **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 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*

GASB 81 – *Irrevocable Split-Interest Agreements.*

GASB 85 – *Omnibus 2017*

GASB 86 – *Certain Debt Extinguishment Issues*

Q. **Future Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 83 – *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2019.

GASB 84 – *Fiduciary Activities*, effective for the year ending June 30, 2020.

GASB 87 – *Leases*, effective for the year ending June 30, 2021.

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

R. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so 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.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The first 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. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. The District reports \$15,799,399 in deferred outflows of resources related to pensions and \$4,765,474 in deferred outflows of resources related to the Total OPEB Liability as of June 30, 2018.

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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first 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 system not included in pension expense. The second 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. The District reports \$5,218,883 in deferred inflows of resources related to pensions and \$0 in deferred inflows of resources related to the Total OPEB Liability as of June 30, 2018.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of \$10,580,516 to unrestricted net position as of June 30, 2018.

The reporting of deferred outflows of resources and deferred inflows of resources related to the Total OPEB Liability resulted in a net increase of \$4,765,474 to unrestricted net position as of June 30, 2018.

S. **Insurance**

The District participates in a risk sharing pool to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The District's estimated share of the liability for unbilled and open claims at June 30, 2018 was \$0.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

The Capital Projects Fund had a negative unassigned fund balance of \$29,298,952 at June 30, 2018. The deficit was caused by the accounting treatment of bond anticipation notes and will be eliminated when the debt is converted to long term financing.

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND DISTRICT-WIDE STATEMENT

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 differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds. These differences are reconciled in the financial statements.

1. Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position.

The 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 sheet.

2. 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:

- a) Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities report 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.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND DISTRICT-WIDE STATEMENT (Continued)

b) Capital related differences:

Capital related differences include the differences 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.

c) 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.

NOTE 4 – PARTICIPATION IN BOCES

During the year ended June 30, 2018, the New Paltz Central School District was billed \$4,636,397 for BOCES administrative and program costs.

The School District's share of BOCES aid amounted to \$1,131,522.

General purpose financial statements for Ulster County BOCES are available from the BOCES administrative office.

NOTE 5 – CASH AND INVESTMENTS

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

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 – CASH AND INVESTMENTS (Continued)

Collateral is required for time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and states other than New York and their municipalities and school districts.

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

Collateralized with securities held by the pledging financial
institution, or its trust department, but not in the District's name. \$ 20,278,681

NOTE 6 – CAPITAL ASSETS

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

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>RETIREMENTS/ RECLASSIFICATIONS</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 334,877	\$ -	\$ -	\$ 334,877
Construction In Progress	<u>6,577,775</u>	<u>21,094,699</u>	<u>-</u>	<u>27,672,474</u>
Total non-depreciable historical cost	<u>6,912,652</u>	<u>21,094,699</u>	<u>-</u>	<u>28,007,351</u>
Capital assets that are depreciated:				
Buildings	30,549,231	-	-	30,549,231
Improvements	7,848,742	-	-	7,848,742
Furniture and Equipment	<u>6,153,681</u>	<u>332,020</u>	<u>-</u>	<u>6,485,701</u>
Total depreciable historical cost	<u>44,551,654</u>	<u>332,020</u>	<u>-</u>	<u>44,883,674</u>
Less accumulated depreciation:				
Buildings	14,025,642	734,547	-	14,760,189
Improvements	1,836,829	77,295	-	1,914,124
Furniture and Equipment	<u>4,029,737</u>	<u>391,344</u>	<u>-</u>	<u>4,421,081</u>
Total Accumulated Depreciation	<u>19,892,208</u>	<u>1,203,186</u>	<u>-</u>	<u>21,095,394</u>
Total historical cost, net	<u>\$ 31,572,098</u>	<u>\$ 20,223,533</u>	<u>\$ -</u>	<u>\$ 51,795,631</u>
Depreciation expense was charged to Governmental functions as follows:				
General Support		\$ 36,017		
Instruction		814,665		
Pupil Transportation		345,720		
School Lunch		<u>6,784</u>		
		<u>\$ 1,203,186</u>		

NEW PALTZ CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 7 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2018 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>	<u>INTERFUND REVENUES</u>	<u>INTERFUND EXPENDITURES</u>
General Fund	\$ 2,972,043	\$ 1,139,300	\$ -	\$ 1,009,347
Special Aid Fund	-	1,922,410	80,047	-
School Lunch Fund	-	1,042,876	270,000	-
Miscellaneous Special Revenue Fund	-	2,560	-	-
Capital Fund	<u>1,139,300</u>	<u>-</u>	<u>659,300</u>	<u>-</u>
Total Governmental Activities	<u>4,111,343</u>	<u>4,107,146</u>	<u>1,009,347</u>	<u>1,009,347</u>
Agency Fund	<u>-</u>	<u>4,197</u>	<u>-</u>	<u>-</u>
Total Fiduciary Funds	<u>-</u>	<u>4,197</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 4,111,343</u>	<u>\$ 4,111,343</u>	<u>\$ 1,009,347</u>	<u>\$ 1,009,347</u>

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

The District typically transfers funds from the General Fund to the Capital Projects Fund to finance ongoing Capital Projects and to the Special Aid Fund to cover expenses that are not reimbursed by Federal or State Grants.

The District typically loans resources between funds for the purpose of relieving cash flow issues.

NOTE 8 – INVENTORY

Inventory in the School Lunch Fund at June 30, 2018 consisted of the following:

Food & Supplies \$ 35,904

NOTE 9 - LIABILITIES

A. Pension Plans and Post-Employment Benefits

1. General Information

The New Paltz Central School District participates in New York State and Local Employee’s Retirement System (ERS), and the New York State Teachers’ Retirement System (TRS). These Systems are cost sharing multiple employer, public employee retirement systems.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 – LIABILITIES (Continued)

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.

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

As an employer, you make contributions to the New York State Teachers' Retirement System, a cost sharing, multiple employer defined benefit pension plan administered by the New York State Teachers' Retirement Board. The System provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and Social Security Law of the State of New York. The System issues a publicly available financial report that contains financial statements and required supplementary information for the System.

The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

b. Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYRSSL).

The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

3. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and prior to January 1, 2010, with less than ten years of service, are required to contribute 3% of their salary.

NEW PALTZ CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 9 – LIABILITIES (Continued)

Those joining the NYSERS on or after January 1, 2010 and before April 1, 2012, contribute 3% of their salary throughout their entire working career. Those joining after April 1, 2012 contribute 3% of their salary through March 31, 2013, and beginning April 1, 2013, contribute at rates ranging from 3% to 6%, dependent upon their salary, for their entire working career.

Those joining the NYSTRS on or after January 1, 2010 and before April 1, 2012 contribute 3.5% of their salary throughout their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent on their salary, for their entire working career.

For the NYSTRS, employers are required to contribute at an actuarially determined rate, currently 9.80% of the annually covered payroll for the fiscal year ended June 30, 2018. Rates applicable to the fiscal years ended June 30, 2017 and 2016, were respectively 11.72% and 13.26%. For the NYSERS, the NYS Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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

	<u>ERS</u>	<u>TRS</u>
2018	\$ 1,024,721	\$ 2,102,971
2017	974,838	2,444,791
2016	1,122,388	2,677,624

B. Indebtedness

1. Long-Term Debt

a. Long-Term Debt Interest

Interest expense on long-term debt consisted of the following:

Interest Paid	\$ 140,482
Less: Interest Accrued in the Prior Year	(11,458)
Plus: Interest Accrued in the Current Year	<u>4,556</u>
Total Expense	<u>\$ 133,580</u>

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 – LIABILITIES (Continued)

b. Changes

The changes in the School District’s indebtedness during the year ended June 30, 2018 are summarized as follows:

	BALANCE <u>07/01/17</u>	ADDITIONS	DELETIONS	BALANCE <u>06/30/18</u>	AMOUNTS DUE WITHIN <u>ONE YEAR</u>
Serial Bonds	\$ 3,370,000	\$ -	\$ 2,030,000	\$ 1,340,000	\$ 1,340,000
Energy Performance Contract	789,174	-	789,174	-	-
Compensated Absences	312,457	-	68,856	243,601	-
Total OPEB Liability (Restated)	<u>108,549,408</u>	<u>15,483,881</u>	<u>1,747,948</u>	<u>122,285,341</u>	<u>1,800,000</u>
TOTAL	<u>\$ 113,021,039</u>	<u>\$ 15,483,881</u>	<u>\$ 4,635,978</u>	<u>\$ 123,868,942</u>	<u>\$ 3,140,000</u>

Additions and deletions to compensated absences and judgments and claims are shown net since it is impractical to determine those amounts separately.

c. Maturity

The following is a summary of maturity of indebtedness:

<u>PURPOSE</u>	<u>ISSUE DATE</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>OUTSTANDING 06/30/18</u>
Refunding Bond Issue	2015	2019	2.00%-4.00%	<u>\$ 1,340,000</u>
	<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	
	2019	<u>\$ 1,340,000</u>	<u>\$ 53,600</u>	
	TOTAL	<u>\$ 1,340,000</u>	<u>\$ 53,600</u>	

2. Short-Term Debt

The following is a summary of the bond anticipation note activity for the year ended June 30, 2018:

<u>DESCRIPTION</u>	<u>RATE</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>ENDING BALANCE</u>
Capital Project	2.50%	<u>\$ 30,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 240,700</u>	<u>\$ 44,759,300</u>
		<u>\$ 30,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 240,700</u>	<u>\$ 44,759,300</u>

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 – LIABILITIES (Continued)

Interest expense on short term debt consisted of the following:

Interest Paid	\$ 712,500
Less: Interest Accrued In Prior Year	(237,476)
Plus: Interest Accrued In Current Year	<u>372,957</u>
TOTAL EXPENSE	<u>\$ 847,981</u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

The New Paltz Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties.

B. Other Items

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

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

The District provides post employment coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

General Information about the OPEB Plan

Plan Description - The healthcare plan is a defined benefit OPEB plan that provides benefits for employees of the District who have reached certain levels of employment with the District. The plan is a pay as you go funding plan. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides healthcare benefits for retirees, their dependents and surviving spouses. Retirees with 10 years of service contribute 5% towards single coverage and 15% towards family coverage. Surviving spouses may participate in the plan by contributing 100% of the premiums.

NEW PALTZ CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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	212
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>649</u>
	<u>861</u>

Total OPEB Liability

The District’s total OPEB liability of \$122,285,641 was measured as of March 31, 2018, using an actuarial valuation as of July 1, 2018.

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

Measurement Date	March 31, 2018
Long-Term Bond Rate	3.61%
Salary Scale	3.31%
Single Discount Rate	3.61%
Initial Healthcare Cost Trend Rate	6.20%
Ultimate Healthcare Cost Trend Rate	4.23%

The actuarial cost method used was Entry Age Normal.

The discount rate was based on Fidelity Municipal Go AA 20 Year Bond rate.

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

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2017		\$ 108,549,408
Changes for the Year -		
Service Cost	3,999,815	
Interest	4,210,448	
Changes of Benefit Terms	-	
Differences between expended and actual experience	4,141,464	
Changes in assumptions or other inputs	3,132,154	
Benefit Payments	<u>(1,747,948)</u>	
Net Changes		<u>13,735,933</u>
Balance at June 30, 2018		<u>\$ 122,285,341</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 (2.61%) or 1 – percentage point higher (4.61%) than the current discount rate:

	1% Decrease (2.61%)	Current Assumption (3.61%)	1% Increase (4.61%)
Total OPEB Liability	<u>\$ 147,579,487</u>	<u>\$ 122,285,341</u>	<u>\$ 102,546,150</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends 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 healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Current Assumption	1% Increase
Total OPEB Liability	<u>\$ 96,331,872</u>	<u>\$ 122,285,341</u>	<u>\$ 157,575,511</u>

NEW PALTZ CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$10,718,407. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,713,373	\$ -
Changes of assumptions or other inputs	<u>2,052,101</u>	<u>-</u>
Total	<u>\$ 4,765,474</u>	<u>\$ -</u>

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

2019	\$ 2,508,144
2020	2,257,330
Thereafter	<u>-</u>
TOTAL	<u>\$ 4,765,474</u>

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plan Descriptions and Benefits Provided

Detailed descriptions of the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) are included in Note 9-A to the financial statements.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

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

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

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2017	June 30, 2016
Net pension asset/(liability)	\$ (698,883)	\$ 1,000,565
District's portion of the Plan's total net pension asset/(liability)	0.0216544%	0.131636%

For the year ended June 30, 2018, the District recognized pension expense of \$971,115 for ERS and \$2,553,339 for TRS. At June 30, 2018, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 249,269	\$ 823,219	\$ 205,986	\$ 390,109
Changes of assumptions	463,417	10,180,948	-	-
Net difference between projected and actual earnings on pension plan investments	1,015,072	-	2,003,650	2,356,621
Changes in proportion and differences between the District's contributions and proportionate share of contributions	333,428	379,525	12,837	249,680
District's contributions subsequent to the measurement date	<u>251,490</u>	<u>2,102,971</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,312,676</u>	<u>\$ 13,486,663</u>	<u>\$ 2,222,473</u>	<u>\$ 2,996,410</u>

NEW PALTZ CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
 OUTFLOWS/INFLOWS OF RESOURCES (Continued)

District contributions subsequent to the measurement date of \$251,490 for ERS and \$2,102,971 for TRS will be recognized as a reduction of the net pension liability in the year June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
2018	\$ -	\$ 269,341
2019	275,811	2,731,366
2020	211,989	1,965,358
2021	(449,184)	516,315
2022	(199,903)	1,959,750
2023	-	-
Thereafter	<u>-</u>	<u>945,152</u>
TOTAL	<u>\$ (161,287)</u>	<u>\$ 8,387,282</u>

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.0%	7.25%
Salary scale	3.8%	1.90%-4.72%
Decrement tables	April 1, 2010-March 31, 2015 System's Experience	July 1, 2009-June 30, 2014 System's Experience
Inflation rate	2.5%	2.5%

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 plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis.

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

NEW PALTZ CENTRAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
 OUTFLOWS/INFLOWS OF RESOURCES (Continued)

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

Measurement date	<u>ERS</u> March 31, 2018	<u>TRS</u> June 30, 2017
Asset Type:		
Domestic Equity	4.55%	5.9%
International Equity	6.35	7.4
Real Estate	5.55	4.3
Alternative Investments	3.75 - 5.68	-
Domestic fixed income securities	-	1.6
Global fixed income securities	-	1.3
Bonds and Mortgages	1.31	2.8
Short-term	1.00	0.6
Private Equities	7.50	9.0
High Yield Fixed Income Securities	-	3.9

Discount Rate

The discount rate used to calculate the total pension liability was 7.00% 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 employees 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.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset /(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.00% for ERS and 6.25% for TRS) or 1-percentage point higher (8.00% for ERS and 8.25% for TRS) than the current rate:

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

<u>ERS</u>	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension asset (liability)	\$ (5,287,936)	\$ (698,883)	\$ 3,183,273
	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
<u>TRS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (17,236,779)	\$ 1,000,565	\$ 16,273,436

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:

	<u>ERS (in thousands)</u> April 1, 2017	<u>TRS</u> June 30, 2016
Valuation date		
Employers' total pension liability	\$ (183,400,590)	\$ (114,708,261,032)
Plan Net Position	<u>180,173,145</u>	<u>115,468,360,316</u>
Employer's net pension asset/(liability)	<u>\$ (3,227,445)</u>	<u>\$ 760,099,284</u>
Ration of plan net position to the Employer's total pension asset/(liability)	98.24%	100.66%

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 through June 30, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$251,490.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October, and November through a state aid intercept. Accrued retirement contributions as of June 30th, 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 \$2,242,689.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 – TAX ABATEMENTS

The District is subject to a tax abatement agreement entered into by the Ulster County Industrial Development Agency pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York. For the year ended June 30, 2018, the District received \$375,496 in tax abatement payments, which resulted in abated property taxes totaling \$389,160.

NOTE 14 – EVENTS OCCURRING AFTER REPORTING DATE

The District has evaluated events and transactions that occurred between June 30, 2018 and October 3, 2018, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 15 – CHANGES IN ACCOUNTING PRINCIPLES

For the 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 the District to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. The implementation of the Statement also requires the District to report a deferred outflow and/or inflow of resources for the effect of the differences between expected and actual experience and changes in assumptions.

For the year ended June 30, 2018, the District implemented GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The implementation of the Statement eliminates the requirement to capitalize and amortize the difference between the reacquisition price and the net carrying value of defeased debt when refunding bonds. Under the new Statement, that difference is recognized as a gain or loss in the year in which the bonds are refunded.

As a result of the implementation of the new Statements, the District's net position has been restated as follows:

GASB Statement No. 75 implementation:	
Beginning Total OPEB Liability (GASB 75)	\$ (108,549,408)
Eliminate Net OPEB Obligation (GASB 45)	55,238,935
GASB Statement No. 86 implementation:	
Eliminate Deferred Charge on Refunding, net	<u>(124,645)</u>
Net Change in Beginning Net Position	<u>\$ (53,435,118)</u>

These restatements have no effect on the governmental fund financial statements.

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 16 – RESTATED BALANCES

The beginning fund balance in the General Fund has been increased by \$220,071 to account for prepaid insurance as of June 30, 2017 that was expensed in the previous year financial statements.

The beginning fund balance in the Miscellaneous Special Revenue Fund has been increased by \$33,682 to account for activity previously reported in the Agency Fund.

NEW PALTZ CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES,
 OTHER USES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018
 (WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2017)

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUALS
REVENUES					
Local Resources:					
Real Property Taxes	\$ 38,580,000	\$ 38,580,000	\$ 38,347,409	\$ (232,591)	\$ 37,276,339
Other Tax Items	2,905,000	2,905,000	3,210,636	305,636	3,256,520
Charges For Services	275,000	275,000	430,967	155,967	401,142
Use Of Money And Property	25,000	25,000	45,036	20,036	14,048
Sale Of Property And Compensation For Loss	20,000	20,000	28,081	8,081	209,167
Miscellaneous Local Sources	300,000	300,000	630,830	330,830	464,353
State Sources:					
Basic Formula	12,313,209	12,313,209	12,025,994	(287,215)	10,860,463
Lottery Aid	1,630,000	1,630,000	2,124,129	494,129	2,151,806
BOCES	1,231,666	1,231,666	1,131,522	(100,144)	972,438
Other	<u>220,125</u>	<u>220,125</u>	<u>224,087</u>	<u>3,962</u>	<u>294,173</u>
TOTAL REVENUES	57,500,000	57,500,000	58,198,691	698,691	55,900,449
OTHER FINANCING SOURCES					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,723</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>57,500,000</u>	<u>57,500,000</u>	<u>58,198,691</u>	<u>\$ 698,691</u>	<u>56,075,172</u>
FUND BALANCE					
Appropriated Fund Balance	1,500,000	1,500,000			
Appropriated Reserves	-	-			
Prior Year Encumbrances	<u>-</u>	<u>900,000</u>			
TOTAL FUND BALANCE	<u>1,500,000</u>	<u>2,400,000</u>			
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE	<u>\$ 59,000,000</u>	<u>\$ 59,900,000</u>			

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES,
OTHER USES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE ACTUALS FOR THE YEAR ENDED JUNE 30, 2017)

EXPENDITURES	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	ENCUMBRANCES	UNENCUMBERED BALANCES	2017 ACTUALS
General Support:						
Board of Education	\$ 44,300	\$ 60,070	\$ 47,009	\$ -	\$ 13,061	\$ 53,211
Central Administration	253,600	255,597	249,266	714	5,617	286,902
Finance	497,200	516,903	474,231	24,740	17,932	522,872
Staff	220,300	266,400	197,709	31,750	36,941	172,925
Central Services	2,795,000	3,206,081	2,826,885	285,121	94,075	2,593,161
Special Items	710,500	690,500	673,002	-	17,498	674,437
Instructional:						
Instruction, Administration And Improvement	1,911,800	2,056,961	1,797,535	122,103	137,323	1,811,453
Teaching:						
Regular School	15,352,700	15,283,954	14,964,379	69,904	249,671	14,348,129
Programs For Children With Handicapped Conditions	8,464,800	8,089,912	7,752,590	17,664	319,658	7,544,314
Occupational Education	823,000	823,000	822,472	-	528	746,760
Special Schools	65,800	67,261	67,260	-	1	66,111
Instructional Media	1,666,600	1,692,238	1,642,136	21,654	28,448	1,566,062
Pupil Services	2,134,900	2,313,934	2,142,638	111,521	59,775	1,997,417
Pupil Transportation	4,129,500	4,334,133	3,926,188	369,829	38,116	3,617,841
Employee Benefits	16,202,000	15,602,968	15,465,105	-	137,863	14,745,135
Debt Service:						
Principal	2,824,000	3,061,788	3,059,874	-	1,914	4,102,298
Interest	<u>534,000</u>	<u>549,000</u>	<u>530,682</u>	<u>-</u>	<u>18,318</u>	<u>375,108</u>
TOTAL EXPENDITURES	58,630,000	58,870,700	56,638,961	1,055,000	1,176,739	55,224,136
OTHER USES						
Interfund Transfers Out	<u>370,000</u>	<u>1,029,300</u>	<u>1,009,347</u>	<u>-</u>	<u>19,953</u>	<u>350,615</u>
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 59,000,000</u>	<u>\$ 59,900,000</u>	<u>57,648,308</u>	<u>\$ 1,055,000</u>	<u>\$ 1,196,692</u>	<u>55,574,751</u>
NET CHANGE IN FUND BALANCE			550,383			500,421
FUND BALANCE – Beginning of Year (Restated)			<u>5,177,530</u>			<u>4,457,038</u>
FUND BALANCE – End of Year			<u>\$ 5,727,913</u>			<u>\$ 4,957,459</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
 YEAR ENDED JUNE 30, 2018

	<u>2018</u>
Service Cost	\$ 3,999,815
Interest	4,210,448
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	4,141,464
Changes of Assumptions	3,132,154
Benefit Payments	<u>(1,747,948)</u>
Net Change in Total OPEB Liability	13,735,933
Beginning Total OPEB Liability	<u>108,549,408</u>
Ending Total OPEB Liability	<u>\$ 122,285,341</u>
Covered Employee Payroll	<u>\$ 29,359,325</u>
Total OPEB Liability as a Percentage of Covered Payroll	416.51%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Changes of Benefit Terms

None

Changes of Assumptions or Other Inputs

The change in the discount rate is as follows:

June 30, 2017 Measurement Date:	3.80%
June 30, 2018 Measurement Date:	3.61%

Trust Assets

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

NEW PALTZ CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
 YEAR ENDED JUNE 30, 2018

TRS System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.131636%	0.129046%	0.136756%	0.133272%
The District's proportionate share of the net pension asset (liability)	\$ 1,000,565	\$ (1,382,138)	\$ 14,204,618	\$ 14,845,632
The District's covered employee payroll	20,859,993	20,193,241	20,542,648	19,931,484
The District's proportionate share of the net pension asset (liability) as a percentage of covered employee payroll	4.80%	6.84%	69.15%	74.48%
Plan Fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.46%	111.48%

ERS System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension liability	0.0216544%	0.0214192%	0.0217489%	0.022195%
The District's proportionate share of the net pension liability	\$ (698,883)	\$ (2,012,599)	\$ (3,490,752)	\$ (749,801)
The District's covered employee payroll	6,735,574	6,406,749	6,347,451	6,321,113
The District's proportionate share of the net pension liability as a percentage of covered employee payroll	10.38%	31.41%	54.99%	11.86%
Plan Fiduciary net position as a percentage of the total pension liability	98.24%	94.7%	90.7%	97.9%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2018

TRS System

	<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>
Contractually required contribution	\$ 2,102,971	\$ 2,444,791	\$ 2,677,624	\$ 3,602,233	\$ 3,238,866	\$ 2,270,807	\$ 2,129,294	\$ 1,676,983	\$ 1,176,983	\$ 1,368,379
Contribution in relation to the contractually required contribution	<u>2,102,971</u>	<u>2,444,791</u>	<u>2,677,624</u>	<u>3,602,233</u>	<u>3,238,866</u>	<u>2,270,807</u>	<u>2,129,294</u>	<u>1,676,983</u>	<u>1,176,983</u>	<u>1,368,379</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Contribution as a percentage of covered employee payroll	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%	8.62%	6.19%	7.63%

ERS System

	<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>
Contractually required contribution	\$ 1,024,721	\$ 974,838	\$ 1,122,388	\$ 1,196,326	\$ 1,277,654	\$ 1,040,893	\$ 1,119,126	\$ 802,253	\$ 564,481	\$ 409,990
Contribution in relation to the contractually required contribution	<u>1,024,721</u>	<u>974,838</u>	<u>1,122,388</u>	<u>1,196,326</u>	<u>1,277,654</u>	<u>1,040,893</u>	<u>1,119,126</u>	<u>802,253</u>	<u>564,481</u>	<u>409,990</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Contribution as a percentage of covered employee payroll	15.21%	15.22%	17.68%	18.93%	N/A	N/A	N/A	N/A	N/A	N/A

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
YEAR ENDED JUNE 30, 2018

ADOPTED BUDGET	\$ 59,000,000
ADDITIONS:	
Encumbrances From Prior Year	900,000
Appropriated Reserves	-
Supplemental Appropriations	<u>-</u>
FINAL BUDGET	<u>\$ 59,900,000</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
 REAL PROPERTY TAX LIMIT
 YEAR ENDED JUNE 30, 2018

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2018-2019 Voter Approved Expenditure Budget		<u>\$ 61,800,000</u>
Maximum allowed (4% of Budget)		<u>\$ 2,472,000</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 2,590,000	
Unassigned Fund Balance	<u>2,420,262</u>	
Total Unrestricted Fund Balance		5,010,262
Less:		
Appropriated Fund Balance	1,535,000	
Encumbrances included in Assigned Fund Balance	<u>1,055,000</u>	
Total Adjustments		<u>2,590,000</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		<u>\$ 2,420,262</u>
Actual Percentage		3.92%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
 SCHEDULE OF PROJECT EXPENDITURES
 CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2018

PROJECT TITLE	PROJECT EXPENDITURES					METHODS OF FINANCING			FUND BALANCE 6/30/2018	
	ORIGINAL APPROPRIATIONS	REVISED APPROPRIATIONS	PRIOR YEARS	CURRENT YEAR	TOTAL	UNEXPENDED BALANCE	LOCAL SOURCES	DEBT PROCEEDS		TOTAL
Safety And Security	\$ 500,000	\$ 500,000	\$ 168,832	\$ 39,184	\$ 208,016	\$ 291,984	\$ 500,000	\$ -	\$ 500,000	\$ 291,984
District Wide Project	52,900,000	52,900,000	9,754,058	21,146,864	30,900,922	21,999,078	1,601,970	-	1,601,970	(29,298,952)
Bus Purchases	480,000	960,000	959,138	-	959,138	862	960,000	-	960,000	862
				\$ 21,186,048						\$ (29,006,106)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

Capital Assets, Net	\$ 51,795,631
Less: Outstanding Bonds	(1,340,000)
BAN Payable	(44,759,300)
Plus: Unspent Debt Proceeds	<u>14,801,048</u>
Net Investment in Capital Assets	<u>\$ 20,497,379</u>

NEW PALTZ CENTRAL SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2018

<u>GRANTOR AGENCY</u>	<u>CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>EXPENDITURES CURRENT YEAR</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Dept. of Education:			
National School Lunch Program	10.555	N/A	\$ 216,147
School Breakfast Program	10.553	N/A	<u>24,791</u>
Total Child Nutrition Cluster			240,938
Passed Through State Dept. of Health and Human Services:			
Commodity Supplement Food Program (Non- cash)	10.565	N/A	<u>44,841</u>
TOTAL U.S. DEPT. OF AGRICULTURE			<u>285,779</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
IDEA, Part B	84.027A	032-18-0999	497,431
IDEA, Pre-School	84.173A	033-18-0999	<u>18,521</u>
Total Special Education Cluster			515,952
Title I	84.010A	021-18-3420	231,246
Title IIA	84.367A	147-18-3420	<u>57,829</u>
TOTAL DEPARTMENT OF EDUCATION			<u>805,027</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,090,806</u>

NEW PALTZ CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the New Paltz Central School District. The New Paltz Central School District's reporting entity is defined in Note 1 to the District's financial statements. All federal financial assistance passed through other governmental agencies are included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements.

3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Federal financial assistance revenues are reported in the District's financial statements as follows:

Governmental Funds:	
Special Aid Fund	\$ 805,027
School Lunch Fund	<u>285,779</u>
 TOTAL	 <u>\$ 1,090,806</u>

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*

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

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the New Paltz Central School District, New York as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the New Paltz Central School District, New York's basic financial statements and have issued our report thereon dated October 3, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the New Paltz Central School District, New York'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 New Paltz Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the New Paltz Central School District, New York's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the New Paltz Central School District, New York's financial statements are free of 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 result 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.

A handwritten signature in cursive script that reads "Cooper Arias LLP".

Mongaup Valley, New York
October 3, 2018

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the New Paltz Central School District, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the New Paltz Central School District, New York's major federal programs for the year ended June 30, 2018. The New Paltz Central School District, New York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the New Paltz Central School District, New York's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the New Paltz Central School District, New York complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Cooper Arias LLP

Mongaup Valley, New York
October 3, 2018

NEW PALTZ CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on the financial statements of the New Paltz Central School District.
2. No significant deficiencies were disclosed during the audit of the financial statements of the New Paltz Central School District.
3. No instances of non-compliance material to the financial statements of the New Paltz Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for the New Paltz Central School District expresses an unmodified opinion on all major federal programs.
5. There were no significant deficiencies disclosed during the audit of internal control over major federal award programs for the New Paltz Central School District.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a) are reported on this schedule.
7. The programs tested as major programs included:

School Lunch Program	10.555
School Breakfast Program	10.553
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The New Paltz Central School District was determined to be a low-risk auditee.

Findings – Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Awards Program Audit

None

NEW PALTZ CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018

There were no audit findings in prior years.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis, of the Extraclassroom Activity Funds of the New Paltz Central School District as of June 30, 2018, and the related statements of cash receipts, disbursements and changes in fund balance – cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the financial statements of the Extraclassroom Activity Funds of the New Paltz Central School District 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 the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

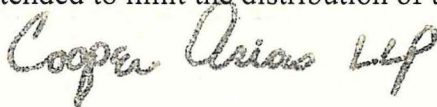
Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position – cash basis, of the Extraclassroom Activity Funds of the New Paltz Central School District as of June 30, 2018, and the changes in financial position – cash basis, for the year then ended in accordance with the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

This report is intended solely for the information and use of the school board governing body and management of the Extraclassroom Activity Funds of New Paltz Central School District, and for filing with the various offices and agencies of the State of New York. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Mongaup Valley, New York
October 3, 2018

NEW PALTZ CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE-CASH BASIS
JUNE 30, 2018

ASSETS	
Cash	<u>\$ 91,792</u>
TOTAL ASSETS	<u>\$ 91,792</u>
FUND BALANCE	<u>\$ 91,792</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE-CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018

<u>ACTIVITY</u>	CASH BALANCE <u>07/01/17</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	CASH BALANCE <u>06/30/18</u>
Class of 2017	\$ 3,491	\$ -	\$ 3,491	\$ -
Class of 2018	1,321	16,630	13,093	4,858
Class of 2019	3,968	27,049	29,225	1,792
Class of 2020	716	1,045	345	1,416
Class of 2021	-	806	-	806
Girls Lacrosse	736	-	-	736
Environmental Club	348	-	-	348
Band-HS	2,971	2,004	1,782	3,193
Peer Leadership	1,359	578	650	1,288
Technology Club	563	-	-	563
Drama Club	6,374	5,491	5,897	5,968
Track Club	3,012	5,743	5,738	3,017
French Club	741	-	-	741
International Club	3,352	-	-	3,352
Chorus	281	8,149	8,091	338
Musical	17,069	16,236	17,141	16,164
National Honor Society	3,359	875	1,081	3,153
Varsity Baseball	3,562	-	-	3,562
S.A.D.D.	612	-	-	612
School of Rock	-	317	317	-
Spanish Club	730	-	-	730
Student Government Association	8,933	3,733	3,880	8,786
Students For Unity	145	-	-	145
Nordic Ski Team	629	637	390	876
Yearbook	2,182	8,757	202	10,737
Snow Club	1,463	275	-	1,738
Cheerleading	123	-	-	123
Swimming	460	-	460	-
Japanese	80	-	-	80
Cooking Club	71	-	-	71
Girls Softball	600	-	-	600
Mathletes	220	-	-	220
Model UN	89	-	-	89
Cross Country	696	332	375	653
Gay Straight Alliance	378	-	175	203
Poetry Club	143	-	-	143
Love Doesn't Shove	500	42	486	56
Swim Club	270	1,741	1,783	228
Interest	10	26	-	36
Middle School Student Council	951	6,584	5,514	2,021
Middle School Yearbook	10,649	1,579	6,727	5,501
Middle School Drama Club	<u>6,066</u>	<u>11,459</u>	<u>10,676</u>	<u>6,849</u>
TOTALS	<u>\$ 89,224</u>	<u>\$ 120,088</u>	<u>\$ 117,519</u>	<u>\$ 91,792</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

NEW PALTZ CENTRAL SCHOOL DISTRICT
HIGH SCHOOL EXTRACLASSROOM ACTIVITY FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - DESCRIPTION OF OPERATIONS

Student activity funds are defined by the New York State Education Department as “funds raised other than by taxation, or through charges of a Board of Education, for, by or in the name of a school, student body or any subdivision thereof.”

Activity funds are raised and expended by student bodies to promote the general welfare, education, and morale of all pupils, and to finance the normal, legitimate extracurricular activities of the student body organization.

The Superintendent of the District has responsibility and authority to implement all policies and rules pertaining to the supervision and administration of school activity funds in accordance with established policies and rules of the District’s Board of Education.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **Basis of Accounting**

The books and records of the High School Extraclassroom Activity Fund of New Paltz Central School District are maintained on the cash basis of accounting. Consequently, receipts and related assets are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligation is incurred.

B. **Interest Income**

Interest earned from the investment of the activity fund is posted to the Student Government Association.

C. **Bank Charges**

All bank service charges have been charged to the respective activity fund.