

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

September 6, 2017

To the Board of Education
Plattsburgh City School District
49 Broad Street
Plattsburgh, NY 12901

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Plattsburgh City School District for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 12, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Plattsburgh City School District are described in Note 1 to the financial statements. Accounting policies for GASB 77 were adopted this year and the application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.¹In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 6, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plattsburgh City School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plattsburgh City School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, Schedule of Funding Progress Other Post Employment Benefits Plan, Schedules of District's Proportionate Share of the Net Pension Liability – ERS and TRS, and Schedules of the District's Contributions – ERS and TRS which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on The Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, and Net Investment In Capital Assets, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves

Audit Comments

Retirement Reserve- Contributions to the retirement reserve fund are only available to pay contributions to the NYS Employee Retirement System. The balance in the reserve fund at June 30, 2017 was \$1,854,117 which represents three years of contributions at the current rate. Section 6-r of General Municipal Law states the amount reserved can be all or any portion of the amount payable to NYS ERS. We suggest the District consult with their attorney regarding the reasonableness of the reserve balance and any potential impact of having an excess reserve balance.

We would again like to thank Mr. David Baroody and Ms. Kristina LaDuke for their assistance during our audit of the financial records for the school district. Accounts were reconciled to supporting documentation which was provided to us prior to our beginning fieldwork. It is a pleasure to work with a team who has an interest in the District and its operation as represented by the staff and management of Plattsburgh City School District.

Restriction on Use

This information is intended solely for the Board and management of the Plattsburgh City School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Boulrice & Wood CPAs, PC

Boulrice & Wood CPA's, PC

PLATTSBURGH CITY SCHOOL DISTRICT

FINANCIAL REPORT

JUNE 30, 2017 AND 2016

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BOULRICE & WOOD CPAS, P.C.

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MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Plattsburgh City School District
Plattsburgh, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Plattsburgh City School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the District's 2016 financial statements, and in our report dated September 1, 2016, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Plattsburgh City School District, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance 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 (pages 4 through 9), budgetary comparison information (pages 52 & 53), Schedule of Funding Progress Other Post Employment Benefits Plan (page 56) and Schedules of District's Proportionate Share of the Net Pension Liability – ERS and TRS, and Schedules of the District's Contributions – ERS and TRS (pages 57-60) 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 Plattsburgh City School District's basic financial statements as a whole. The Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, and Net Investment in Capital Assets are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying 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 not a required part of the basic financial statements of Plattsburgh City School District. The Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, Net Investment in Capital Assets, 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 basic financial statement taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2017, on our consideration of the Plattsburgh City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plattsburgh City School District's internal control over financial reporting and compliance.

Boulrice & Wood CPAs, PC

Boulrice & Wood CPAs, PC
September 6, 2017

**Plattsburgh City School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2017**

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017.

Financial Highlights

Revenues totaled \$43.6 million. Program revenues accounted for \$2.9 million or 6.7% of total revenues, and general revenues accounted for \$40.7 million or 93.3%.

The District's net position was approximately negative \$30.0 million.

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.
- Proprietary funds statements offer short and long-term financial information about the activities the district operates. The district has no proprietary funds.
- 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.

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 changes in it. The change in net position provides the reader a tool to assist in determining whether the district's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

In the district-wide financial statements, the District's activities are divided into two categories:

- **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.
- **Business-type activities:** The District has no business-type activities at this time.

Fund Financial Statements

The fund financial statements provide more detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the notes to the financial statements.
- **Fiduciary funds:** The District is the trustee, or fiduciary, for its scholarship program and 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 the assets cannot be utilized by the District to finance its operations.

Financial Analysis of the District as a Whole

PLATTSBURGH CITY SCHOOL DISTRICT CONDENSED STATEMENT OF NET POSITION

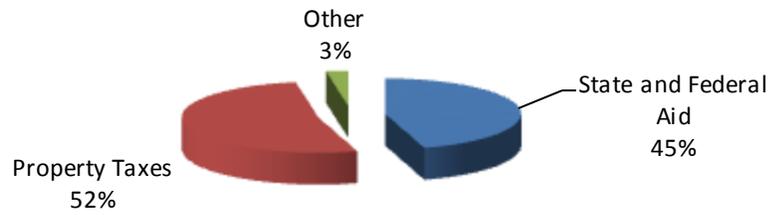
	<u>6/30/2017</u>	<u>6/30/2016</u>
ASSETS		
Current and other assets	\$ 12,493,847	\$ 21,393,382
Capital assets, net	<u>40,901,762</u>	<u>41,021,691</u>
Total Assets	<u>53,395,609</u>	<u>62,415,073</u>
DEFERRED OUTFLOW OF RESOURCES		
Unamortized defeasance loss	29,583	35,833
Pensions	<u>12,357,612</u>	<u>4,218,705</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 65,782,804</u>	<u>\$ 66,669,611</u>
LIABILITIES		
Long-term debt outstanding	\$ 86,266,241	\$ 80,008,197
Other liabilities	<u>8,968,094</u>	<u>6,426,952</u>
Total Liabilities	<u>95,234,335</u>	<u>86,435,149</u>
DEFERRED INFLOW OF RESOURCES		
Deferred taxes	408	-
Pensions	<u>579,956</u>	<u>4,213,775</u>
	<u>580,364</u>	<u>4,213,775</u>
NET POSITION		
Net investment in capital assets	26,355,420	25,892,665
Restricted	3,494,770	2,965,857
Unrestricted	<u>(59,882,085)</u>	<u>(52,837,835)</u>
Total Net Position	<u>(30,031,895)</u>	<u>(23,979,313)</u>
Total Liabilities and Net Position	<u>\$ 65,782,804</u>	<u>\$ 66,669,611</u>

PLATTSBURGH CITY SCHOOL DISTRICT CHANGES IN NET POSITION FROM OPERATING RESULTS

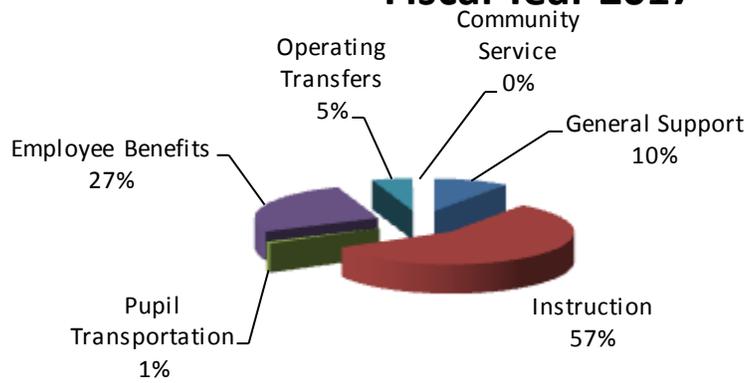
REVENUES		
Program Revenues:		
Charges for services	\$ 372,003	\$ 325,452
Operating grants	<u>2,573,937</u>	<u>2,397,810</u>
General Revenues:		
Real property taxes	21,277,862	20,848,382
Charges for services	23,176	17,606
Use of money and property	83,397	45,770
Sale of property and compensation for loss	15,959	1,135
Miscellaneous	758,430	784,623
State sources	<u>18,324,182</u>	<u>17,612,826</u>
Total Revenues	<u>43,643,906</u>	<u>42,142,221</u>
EXPENSES		
General support	4,765,915	4,577,209
Instruction	24,802,679	24,690,039
Pupil transportation	502,219	488,467
Community service	5,381	6,250
Employee benefits	18,791,062	15,680,333
Debt service - interest	394,677	346,102
School lunch program	<u>434,555</u>	<u>405,436</u>
Total Expenses	<u>49,696,488</u>	<u>46,193,836</u>
Increase (Decrease) in Net Position	<u>\$ (6,052,582)</u>	<u>\$ (4,051,615)</u>

The graphs below illustrate the allocation of general fund revenues and expenditures.

Allocation of General Fund Revenue Sources - Fiscal Year 2017



Allocation of General Fund Expenditures - Fiscal Year 2017



Financial Analysis of the District's Funds – Fund Balances

The District's governmental funds (as presented on the balance sheet on page 12) reported a combined fund balance of \$0.6 million, which is the same as last year's total of \$0.6 million. Fund balance, of the Capital Projects Fund will be restored when the District obtains permanent financing. These figures represent all of the District's governmental funds, which include the General, Special Revenue, Capital Project, and Debt Service Funds. The General Fund fund balance figures below reflect Unassigned, Appropriated Fund Balance, as well as the District's strategic reserves.

	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>	<u>Percent Change</u>
General Fund	\$ 6,719,712	\$ 5,532,766	\$ 1,186,946	21.45%
Special Revenue Fund	\$ 2,830	\$ -	\$ 2,830	100.00%
Capital Fund	\$ (6,170,925)	\$ (5,031,418)	\$ (1,139,507)	22.65%
Debt Service Fund	\$ 10,729	\$ 55,391	\$ (44,662)	-80.63%

General Fund Budgetary Highlights

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

Over the course of the year, the District revised its annual operating budget for carryover encumbrances and utilized \$0 of its total appropriated fund balance of \$1,249,759. The District under spent its budget by \$2,360,128 and received \$83,308 more in revenue. Overall, the District continues to have a positive fund balance of \$6.7 million, a portion of which the Board of Education decided to place in reserves for Tax Certiorari, Retirement contributions, Workers compensation and Employee benefits.

Capital Assets

The District has \$40,901,762 invested in capital assets net of depreciation. Refer to page 32 for details of capital assets.

Long-Term Debt

At June 30, 2017, the District had \$8,405,000 in outstanding bonds payable as compared to \$10,130,000 at June 30, 2016. During the year the District paid \$1,725,000 in principal and \$283,719 in interest.

Factors Bearing on the District's Future

As was the case last year, uncertainty with regard to State Aid revenues continues to linger as the chief threat to District programs and staffing. That said, a significant portion of our District's operations rely on support from State (through State Aid) and Federal (through Title grants and Medicaid payments to states) funding. Further uncertainty lies within the ongoing discussions in the Nation's Capital in terms of new policy initiatives, which may directly affect the District's aforementioned revenues.

Some of these said topics in Washington that have been at the forefront of discussions include vouchering, reducing Medicaid payments to the States, and transforming Title funding into a much more limited Block Grant. It should be noted that although no legislative action has been taken to this point, our District, along with all public school systems alike, are carefully monitoring these discussions due to their enormous potential impact on school funding.

It should also be noted that the City of Plattsburgh is currently facing a time of fiscal uncertainty. With that said, the Plattsburgh City School District has been engaged in many fruitful conversations with the mayor and council members in which we will explore partnership opportunities, moving forward. An example of said partnerships could include the District paying a portion of legal costs associated with tax certiorari claims brought against the City. Hopefully, by working together with the City, the District will better be able to financially position itself in the future.

Furthermore, the Plattsburgh City School District will continue to work to re-establish fund-balance and reserve funds, which were ultimately expended through State Aid reductions and fiscal decline over the past decade. We have used this strategy successfully to maintain District programming while at the same time, safeguarding students' education from adversarial impacts. It is understood that this approach has caused somewhat precarious undesignated fund balance amounts. The Board of Education, along with District leadership have strived to construct operating budgets that have progressively relied less on appropriated fund balance to cover the incongruence between revenues and expenses. Utilizing this tactic, the District has relied significantly less on appropriated fund balance in recent years. As was the case last year, the District will continue to move forward, determined to utilize a nominal annual operating surplus in order to re-build our consumed reserves and fund balance. Thus, the District should undoubtedly get back to a position of greater economic constancy that shield programming and potentially reduced funding recessions forthcoming.

Lastly, the District is happy to report that the taxable base in the City of Plattsburgh has stabilized. In 2016-17, year-over-year total taxable assessments have increased by approximately \$12.5 million. The District has welcomed the return of the moderate annual increase in total valuation. Moving forward, the District is hopeful that this modest trend continues.

Contacting the District's Financial Management

This financial report is designated to provide the District's citizens, taxpayers, 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, please contact the Director of Management, Plattsburgh City School District, and 49 Broad Street, Plattsburgh, NY 12901.

PLATTSBURGH CITY SCHOOL DISTRICT

EXHIBIT 1

STATEMENTS OF NET POSITION
June 30, 2017 and 2016

ASSETS	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Cash:		
Unrestricted	\$ 3,416,591	\$ 3,431,767
Restricted	6,038,014	3,985,259
Receivables:		
Accounts receivable	260,657	228,452
Taxes receivable	831,780	619,636
State and federal aid receivable	1,316,711	1,073,248
Due from other governments	599,803	498,904
Inventories	30,291	24,520
Capital assets, net	40,901,762	41,021,691
Net pension asset-proportionate share	-	11,531,596
Total Assets	<u>53,395,609</u>	<u>62,415,073</u>
 DEFERRED OUTFLOW OF RESOURCES		
Unamortized defeasance loss	29,583	35,833
Pensions	12,357,612	4,218,705
Total Assets and Deferred Outflow of Resources	<u>\$ 65,782,804</u>	<u>\$ 66,669,611</u>
 LIABILITIES		
Payables:		
Accounts payable	\$ 220,646	\$ 296,413
Accrued liability	52,384	55,166
Bond anticipation notes	8,695,000	6,000,000
Due to other governments	64	75,373
Long-term liabilities		
Due and payable within one year:		
Bonds payable-current	1,765,000	1,725,000
Installment obligation-current	-	3,441
Due to teacher's retirement system	2,102,158	2,391,318
Due to employee's retirement system	167,972	144,696
Due and payable after one year		
Bonds payable - non-current	6,640,000	8,405,000
Compensated absences payable	259,571	307,647
Other post employment benefits	73,036,325	65,097,030
Net pension liability-proportionate share	2,295,215	1,934,065
Total Liabilities	<u>95,234,335</u>	<u>86,435,149</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred taxes	408	-
Pensions	579,956	4,213,775
	<u>580,364</u>	<u>4,213,775</u>
 NET POSITION	26,355,420	25,892,665
Net investment in capital assets		
Restricted for:		
Workers compensation	147,679	147,986
Retirement	1,854,117	1,851,997
Tax certiorari	1,241,120	777,031
Employee benefit accrued liability	241,125	133,452
Retirement of long-term debt	10,729	55,391
Unrestricted (deficit)	<u>(59,882,085)</u>	<u>(52,837,835)</u>
Total Net Position	<u>(30,031,895)</u>	<u>(23,979,313)</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 65,782,804</u>	<u>\$ 66,669,611</u>

See Notes to the Financial Statements.

PLATTSBURGH CITY SCHOOL DISTRICT

EXHIBIT 2

STATEMENT OF ACTIVITIES
Years Ended June 30, 2017 and 2016

FUNCTIONS/ PROGRAMS	June 30, 2017			June 30, 2016
	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	OPERATING GRANTS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
General support	\$ (4,765,915)	\$ -	\$ -	\$ (4,765,915)
Instruction	(24,802,679)	282,574	1,679,726	(22,840,379)
Pupil transportation	(502,219)	-	-	(502,219)
Community service	(5,381)	-	-	(5,381)
Employee benefits	(18,791,062)	-	-	(18,791,062)
Debt service - interest	(394,677)	-	-	(394,677)
School lunch program	(434,555)	89,429	894,211	549,085
Total Functions and Programs	\$ (49,696,488)	\$ 372,003	\$ 2,573,937	(46,750,548)
GENERAL REVENUES				
Real property taxes				21,277,862
Charges for services				23,176
Use of money and property				83,397
Sale of property and compensation for loss				15,959
Miscellaneous				758,430
State sources				18,324,182
Federal sources				214,960
Total General Revenues				40,697,966
Change in Net Position				(6,052,582)
Total Net Position - Beginning of Year				(23,979,313)
Total Net Position - End of Year				\$ (30,031,895)
				\$ (23,979,313)

See Notes to the Financial Statements.

PLATTSBURGH CITY SCHOOL DISTRICT

EXHIBIT 3

BALANCE SHEETS-GOVERNMENTAL FUNDS
June 30, 2017 and 2016

	GENERAL FUND	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	6/30/2017 TOTAL	6/30/2016 TOTAL
ASSETS						
Cash and investments	\$ 3,416,530	\$ 61	\$ -	\$ -	\$ 3,416,591	\$ 3,431,767
Restricted cash	3,484,041	-	5,432	2,548,541	6,038,014	3,985,259
Due from other funds	701,446	-	5,297	-	706,743	556,887
Accounts receivable	228,556	32,101	-	-	260,657	228,452
Taxes receivable	831,780	-	-	-	831,780	619,636
Due from other governments	599,803	-	-	-	599,803	498,904
State and federal aid receivable	529,145	686,735	-	-	1,215,880	1,046,035
Inventories	-	30,291	-	-	30,291	24,520
Total Assets	\$ 9,791,301	\$ 749,188	\$ 10,729	\$ 2,548,541	\$ 13,099,759	\$ 10,391,460
LIABILITIES						
Accounts payable	\$ 200,403	\$ 1,583	\$ -	\$ 18,660	\$ 220,646	\$ 296,413
Accrued liabilities	51,508	876	-	-	52,384	55,166
Bond anticipation notes payable	-	-	-	8,695,000	8,695,000	6,000,000
Due to other governments	-	64	-	-	64	103
Due to other funds	-	700,937	-	5,806	706,743	556,887
Due to teachers' retirement system	2,102,158	-	-	-	2,102,158	2,391,318
Due to employees' retirement system	125,074	42,898	-	-	167,972	144,696
Total Liabilities	2,479,143	746,358	-	8,719,466	11,944,967	9,444,583
DEFERRED INFLOWS OF RESOURCES						
Deferred taxes	592,446	-	-	-	592,446	390,138
FUND BALANCES						
Nonspendable						
Inventory	-	30,291	-	-	30,291	24,520
Restricted						
Workers compensation	147,679	-	-	-	147,679	147,986
Retirement	1,854,117	-	-	-	1,854,117	1,851,997
Tax certiorari	1,241,120	-	-	-	1,241,120	777,031
Employee benefit accrued liability	241,125	-	-	-	241,125	133,452
Retirement of long-term debt	-	-	10,729	-	10,729	55,391
Assigned						
Appropriated Fund Balance	1,281,460	-	-	-	1,281,460	1,249,759
Other (Note 10)	181,804	-	-	-	181,804	188,535
Unassigned	1,772,407	(27,461)	-	(6,170,925)	(4,425,979)	(3,871,932)
Total Fund Balances	6,719,712	2,830	10,729	(6,170,925)	562,346	556,739
Total Liabilities, Fund Balances and Deferred Inflows of Resources	\$ 9,791,301	\$ 749,188	\$ 10,729	\$ 2,548,541	\$ 13,099,759	\$ 10,391,460

See Notes to the Financial Statements.

PLATTSBURGH CITY SCHOOL DISTRICT

EXHIBIT 4

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Years Ended June 30, 2017 and 2016

					6/30/2017	6/30/2016
	General	Special Revenue	Debt Service	Capital Projects	TOTAL	TOTAL
REVENUES						
Real property taxes	\$ 21,075,962	\$ -	\$ -	\$ -	\$ 21,075,962	\$ 20,971,204
Charges for services	23,176	-	-	-	23,176	17,606
Other districts and governments	282,574	-	-	-	282,574	255,022
Use of money and property	71,784	-	11,613	-	83,397	45,770
Sale of property and compensation for loss	15,959	-	-	-	15,959	1,135
Miscellaneous	680,046	29,951	-	-	709,997	724,683
State sources	18,175,294	486,815	-	-	18,662,109	18,156,995
Federal sources	214,960	2,087,122	-	-	2,302,082	2,037,528
Sales	-	89,429	-	-	89,429	70,430
Total Revenues	40,539,755	2,693,317	11,613	-	43,244,685	42,280,373
EXPENDITURES						
General support	3,880,071	369,877	-	-	4,249,948	4,203,572
Instruction	22,547,544	1,546,265	-	-	24,093,809	23,930,809
Pupil transportation	401,061	-	-	-	401,061	500,467
Community service	5,381	-	-	-	5,381	6,250
Employee benefits	10,425,028	354,795	-	-	10,779,823	10,907,397
Debt service	-	-	2,113,427	-	2,113,427	2,009,852
Capital outlay	-	-	-	1,209,507	1,209,507	2,763,072
Cost of sales	-	434,555	-	-	434,555	405,436
Total Expenditures	37,259,085	2,705,492	2,113,427	1,209,507	43,287,511	44,726,855

Excess (Deficit) of Revenues over Expenditures	<u>3,280,670</u>	<u>(12,175)</u>	<u>(2,101,814)</u>	<u>(1,209,507)</u>	<u>(42,826)</u>	<u>(2,446,482)</u>
OTHER SOURCES AND USES						
Operating Transfers In	-	15,005	2,008,719	70,000	2,093,724	2,175,573
Operating Transfers (Out)	(2,093,724)	-	-	-	(2,093,724)	(2,175,573)
BAN Premium	-	-	48,433	-	48,433	59,940
Total Other Sources and Uses	<u>(2,093,724)</u>	<u>15,005</u>	<u>2,057,152</u>	<u>70,000</u>	<u>48,433</u>	<u>59,940</u>
Excess (Deficiency) Revenues and Other Sources over Expenditures and Other Uses	1,186,946	2,830	(44,662)	(1,139,507)	5,607	(2,386,542)
Fund Balances, Beginning of Year	<u>5,532,766</u>	<u>-</u>	<u>55,391</u>	<u>(5,031,418)</u>	<u>556,739</u>	<u>2,943,281</u>
Fund Balances, End of Year	<u><u>\$ 6,719,712</u></u>	<u><u>\$ 2,830</u></u>	<u><u>\$ 10,729</u></u>	<u><u>\$ (6,170,925)</u></u>	<u><u>\$ 562,346</u></u>	<u><u>\$ 556,739</u></u>

See Notes to the Financial Statements.

PLATTSBURGH CITY SCHOOL DISTRICT

EXHIBIT 5

STATEMENTS OF FIDUCIARY NET POSITION
June 30, 2017 and 2016

	Private Purpose Trust	Agency	6/30/2017 Total	6/30/2016 Total
ASSETS				
Cash	\$ 16,018	\$ 83,516	\$ 99,534	\$ 88,223
Investment in securities	42,219	-	42,219	43,150
Total Assets	\$ 58,237	\$ 83,516	\$ 141,753	\$ 131,373
LIABILITIES				
Extra classroom activity balances	\$ -	\$ 79,031	\$ 79,031	\$ 64,096
Other liabilities	-	4,485	4,485	4,578
Total Liabilities	-	83,516	83,516	68,674
NET POSITION				
Reserved for scholarships	58,237	-	58,237	62,699
Total Net Position	58,237	-	58,237	62,699
Total Liabilities and Net Position	\$ 58,237	\$ 83,516	\$ 141,753	\$ 131,373

See Notes to the Financial Statements.

PLATTSBURGH CITY SCHOOL DISTRICT

EXHIBIT 6

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
 Years Ended June 30, 2017 and 2016

	<u>6/30/2017</u>	<u>6/30/2016</u>
	<u>Private Purpose Trust</u>	<u>Private Purpose Trust</u>
ADDITIONS		
Gifts and contributions	\$ 4,900	\$ 4,650
Investment earnings	<u>1,475</u>	<u>8,054</u>
Total Additions	<u>6,375</u>	<u>12,704</u>
DEDUCTIONS		
Scholarships and awards	<u>10,837</u>	<u>15,366</u>
Changes in Net Position	(4,462)	(2,662)
Net Position, Beginning of Year	<u>62,699</u>	<u>65,361</u>
Net Position, End of Year	<u><u>\$ 58,237</u></u>	<u><u>\$ 62,699</u></u>

See Notes to the Financial Statements.

PLATTSBURGH CITY SCHOOL DISTRICT

EXHIBIT 7

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2017

	TOTAL GOVERNMENT FUNDS	LONG-TERM ASSETS, LIABILITIES	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF NET POSITION TOTALS
ASSETS				
Unrestricted cash	\$ 3,416,591	\$ -	\$ -	\$ 3,416,591
Restricted cash	6,038,014	-	-	6,038,014
Due from other funds	706,743	-	(706,743)	-
Accounts receivable	260,657	-	-	260,657
Taxes receivable	831,780	-	-	831,780
Due from other governments	599,803	-	-	599,803
State and federal aid receivable	1,215,880	100,831	-	1,316,711
Inventories	30,291	-	-	30,291
Fixed assets	-	40,901,762	-	40,901,762
Total Assets	13,099,759	41,002,593	(706,743)	53,395,609
DEFERRED OUTFLOW OF RESOURCES				
Unamortized defeasance loss	-	29,583	-	29,583
Pensions	-	12,357,612	-	12,357,612
Total Assets and Deferred Outflow of Resources	\$ 13,099,759	\$ 53,389,788	\$ (706,743)	\$ 65,782,804
LIABILITIES				
Accounts payable	\$ 220,646	\$ -	\$ -	\$ 220,646
Accrued liability	52,384	-	-	52,384
Bond anticipation notes	8,695,000	-	-	8,695,000
Due to other funds	706,743	-	(706,743)	-
Due to other governments	64	-	-	64
Due to teachers' retirement system	2,102,158	-	-	2,102,158
Due to employees' retirement system	167,972	-	-	167,972
Bonds payable	-	8,405,000	-	8,405,000
Compensated absences	-	259,571	-	259,571
Other post employment benefits	-	73,036,325	-	73,036,325
Net pension liability- proportionate share	-	2,295,215	-	2,295,215
Total Liabilities	11,944,967	83,996,111	(706,743)	95,234,335
DEFERRED INFLOWS OF RESOURCES				
Deferred taxes	592,446	(592,038)	-	408
Pensions	-	579,956	-	579,956
	592,446	(12,082)	-	580,364
FUND BALANCE/NET POSITION				
Total Fund Balance/ Net Position	562,346	(30,594,241)	-	(30,031,895)
Total Liabilities, Fund Balance and Deferred Inflows of Resources	\$ 13,099,759	\$ 53,389,788	\$ (706,743)	\$ 65,782,804

See Notes to the Financial Statements.

PLATTSBURGH CITY SCHOOL DISTRICT

EXHIBIT 8

RECONCILIATION OF GOVERNMENTAL FUNDS-REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	TOTAL GOVERNMENT FUNDS	LONG-TERM REVENUE EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTION	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
REVENUES						
Real property taxes	\$ 21,075,962	\$ 201,900	\$ -	\$ -	\$ -	\$ 21,277,862
Charges for services	23,176	-	-	-	-	23,176
Other districts and governments	282,574	-	-	-	-	282,574
Use of money and property	83,397	-	-	-	-	83,397
Sale of property and compensation for loss	15,959	-	-	-	-	15,959
Miscellaneous	709,997	-	-	-	-	709,997
State sources	18,662,109	148,888	-	-	-	18,810,997
Federal sources	2,302,082	-	-	-	-	2,302,082
Sales	89,429	-	-	-	-	89,429
Total Revenues	43,244,685	350,788	-	-	-	43,595,473
EXPENDITURES						
General support	4,249,948	-	519,408	(3,441)	-	4,765,915
Instruction	24,093,809	-	708,870	-	-	24,802,679
Pupil transportation	401,061	-	101,158	-	-	502,219
Community service	5,381	-	-	-	-	5,381
Employee benefits	10,779,823	8,011,239	-	-	-	18,791,062
Debt service	2,113,427	-	-	(1,718,750)	-	394,677
Capital outlay	1,209,507	-	(1,209,507)	-	-	-
Cost of sales	434,555	-	-	-	-	434,555
Total Expenditures	43,287,511	8,011,239	119,929	(1,722,191)	-	49,696,488
Excess (Deficit) of Revenues over Expenditures	(42,826)	(7,660,451)	(119,929)	1,722,191	-	(6,101,015)
OTHER SOURCES AND USES						
Operating Transfers In	2,093,724	-	-	-	(2,093,724)	-
Operating Transfers Out	(2,093,724)	-	-	-	2,093,724	-
Ban Premium	48,433	-	-	-	-	48,433
Total Other Sources and Uses	48,433	-	-	-	-	48,433
Net Change for the Year	\$ 5,607	\$ (7,660,451)	\$ (119,929)	\$ 1,722,191	\$ -	\$ (6,052,582)

See Notes to the Financial Statements.

PLATTSBURGH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

- A. Reporting entity: The Plattsburgh City School District (the "District") is governed by the Education Law and other general laws of the State of New York. The governing body is the Board of Education of Plattsburgh City School (Board). The Board is the basic level of government, which has oversight responsibilities and control over all activities related to the public school education in the region of Plattsburgh City School District. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Extraclassroom Activity Funds: The Extraclassroom activity funds of the Plattsburgh City 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 and investment balances are reported in the Trust and Agency Funds of the School District.

B. 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.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of good or services offered by the programs, and grants and contributions that are restricted to meeting the operations 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 Functional Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Non-major funds are aggregated and presented in a single column. The District elects to report all governmental funds as major funds.

The District reports the following major governmental funds:

General Fund - the general fund is the principal operating fund of the District and is used to account for all financial resources, except those accounted for in another fund.

Special Revenue Funds - 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:

- School Lunch Fund - used to account for transactions for the School District lunch and milk programs.
- Special Aid Fund - used to account for special operating projects or programs supported in whole, or in part, with federal funds or state grants.

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

Debt Service - the debt service funds are to account for the accumulation of resources and the payment of general long-term debt principal and interest.

Fiduciary Fund - the fiduciary funds consist of private purpose trust funds and agency funds that are used to account for and report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. Private purpose trust funds include scholarship funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Assets are held by the District as agent for various student groups or extra-classroom activity funds and for payroll or employee withholding. 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.

C. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using 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,

Note 1. Summary of Significant Accounting Policies (continued)

regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On a modified accrual basis, revenue from property taxes is recognized by estimating how much will be collected during the ensuing fiscal year. Revenue from grants and donations is 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. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred except for:

- a. Prepaids and inventory-type items are recognized at the time of purchase.
 - b. Principal and interest on indebtedness are not recognized as an expenditure until due.
 - c. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.
 - d. Pension costs are recognized as an expenditure when billed by the state.
 - e. The School District recognizes the cost of providing post retirement health insurance coverage and survivor benefits by recording its share of insurance premiums as an expenditure in the year paid.
- D. Inventories: Inventories of food and 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 supplies in other funds are recorded as expenditures at the time of purchase, and year-end inventory balances are not maintained.
- E. Capital assets: Capital assets are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Acquisitions of equipment and capital facilities are treated as expenditures in the various funds of the School District, and are also reflected in the general fixed asset group of accounts. The assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

PLATTSBURGH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Life</u>
Land Improvements	20 years
Buildings and improvements	50 years
Furniture, equipment and vehicles	5 - 20 years

- F. Deferred revenue - planned balance: Statute provides the authority for the School District to levy taxes to be utilized to finance expenditures within the first 60 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year rather than when measurable and available.
- G. Retirement plan: The School District provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State Teachers' Retirement System and the New York State Employees' Retirement System. These systems provide various plans and options, some of which require employee contributions.
- H. General long-term debt: Bonds, capital notes and bond anticipation notes issued for capital projects are recognized when issued.
- I. Budgetary Procedures and Budgetary Accounting

1) General

The School District's policy relating to budgetary information as shown in the accompanying financial statements is as follows:

A public hearing is held upon completion and filing of the tentative budget. Subsequent to such public hearing, the budget is adopted by the Board of Education. The budget is then approved by the voters within the School District. Appropriations established by adoption of the budget constitute limitations on expenditures (and encumbrances) which may be incurred. The New York Uniform System of Accounts requires that fixed budgetary control be used for all governmental fund types. Budget appropriations lapse at year-end.

2) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations.

PLATTSBURGH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Open encumbrances are reported as part of assigned fund balance and such commitments will be honored through budget appropriations in the subsequent year. Encumbrances do not constitute expenditures or liabilities.

J. Equity Classifications:

District- wide statements:

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, constructions or improvements of those assets.

Restricted net position - reports net position when constraints placed on those 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 net position – reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Fund statements:

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

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$30,291.

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 School District has established the following restricted fund balances:

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Employee Benefits Accrued Liability

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

Retirement Contributions

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

Tax Certiorari

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

Workers' Compensation

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

Encumbrances

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

PLATTSBURGH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$181,804.

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

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

Order of Use of Fund Balance:

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

- K. Reclassifications: Certain amounts in the 2016 financial statements may have been reclassified to conform to the 2017 presentation.
- L. Events Occurring After Reporting Date: The District has evaluated events and transactions that occurred between June 30, 2017 and September 6, 2017, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.
- M. Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to

PLATTSBURGH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

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

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

- O. New Accounting Standards:

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2017.

GASB has issued Statement No. 77, *Tax Abatement Disclosures*

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

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

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

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

Components of these differences follow:

Original Cost of Capital Assets	\$ 73,844,755
Accumulated Depreciation	32,942,993
	<u>\$ 40,901,762</u>

The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives. Because the governmental funds focus on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables over 60 days) are offset by deferred revenue in the governmental funds, and thus are not included in the fund balance. They are, however, included in the Statement of Net Position.

PLATTSBURGH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

Adjustment of:

Deferred Tax Revenue	\$ 592,038
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Long-term assets are reported in the Statements of Net Position, but not in the governmental funds, because they are not available in the current period. Balances at year-end were:

Long-term Excess Cost Aid	\$ 27,213
Long-term Medicaid Part D Receivable	73,618
	<u>\$ 100,831</u>

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

Serial Bonds	\$ 8,405,000
Other Post Employment Benefits	73,036,325
Compensated Absences	259,571
	<u>\$ 81,700,896</u>

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

1. 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 reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

PLATTSBURGH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

2. Capital Related Differences

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

3. 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.

4. Other Post-Employment Benefits

Other post-employment benefits occur because retiree health insurance premiums are paid and recorded as expenditures in the governmental fund statements as incurred. GASB 45 requires an actuarial calculation of the future liability and to record the Net OPEB Obligation in the Statement of Net Position.

5. Pension Differences

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

PLATTSBURGH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

Explanation of Differences Between Governmental Funds Operating Statement
and the Statement of Activities

Total Revenues and other Funding Sources

Total revenues and other funding sources of governmental funds (Exhibit 4)	\$ 43,244,685
Adjustment for change in property taxes not expected to be collected within 60 days of District's year end, thus not considered to be "available" revenues in the government funds	201,900
Adjustment for long-term excess cost aid receivable	<u>148,888</u>
Total revenues of governmental activities in the Statement of Activities (Exhibit 8)	<u>\$ 43,595,473</u>

Total Expenditures/Expenses

Total expenditures reported in governmental funds (Exhibit 4)	\$ 43,287,511
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences used during the year exceeded the amount earned.	(48,076)
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital expenditures in the current year.	119,929
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not effect the Statement of Activities,	(1,725,000)

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

Repayment of installment obligation principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not effect the Statement of Activities, (3,441)

The payment of Other Post-Employment Benefits (OPEB) is recorded in the governmental funds as expenditures when incurred. However, in the Statement of Activities, the current cost plus the actuarial cost of future benefits are combined and recognized as an expense. This is the amount by which the Annual OPEB Cost exceeded the premiums paid. 7,939,295

During the 2010-2011 year, the District refunded some of its existing debt. The difference between the amount of the new bond proceeds of \$7,040,000 and the outstanding bonds retired of \$7,140,000 was \$100,000, and is amortized as an adjustment of interest expense in the statement of activities over the average remaining life of the refunded debt (10 years), beginning in the fiscal year ended 6/30/2011:
Current year amortization of deferral (10,000)

During the 2012-13 year, the District refunded some of its existing debt. The difference between the amount of the new bond proceeds of \$4,700,000 and the outstanding bonds retired of \$4,570,000 was \$130,000, and is amortized as an adjustment of interest expense in the statement of activities over the average remaining life of the refunded debt (8 years), beginning in the fiscal year ended 6/30/2013:
Current year amortization of deferral 16,250

(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 governmental funds.
Teachers' Retirement System (15,734)
Employees' Retirement System 135,754

Total expenses of governmental activities in the Statement of Activities (Exhibit 8) \$ 49,696,488

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 3. Cash and Investments

According to the New York State Education Law, the Board may invest the District's money in special time-deposit accounts or certificates of deposit; however, such time-deposit accounts or certificates of deposit must be made in the name of the district and payable in time for the proceeds to be available to meet expenditures for which the money was obtained. Furthermore, the time-deposit account or certificates of deposit must be secured "by a pledge of obligations of the United States of America... or obligations of the State of New York or obligations of any municipal corporation, district or district corporation of the State of New York".

Investments also may be made in obligations of the United States of America or in obligations of New York State or, with the approval of the state comptroller, in certain obligations of municipalities, school districts or district corporations other than the one investing the money.

The district may make a variety of short-term investments that include the purchase of United States Treasury bills, United States Treasury certificates of indebtedness or United States Treasury notes and bonds. In addition, it may invest in negotiable certificates of deposit.

All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by financial institutions in the School's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2017 was \$6,038,014.

Note 4. Interfund Balances and Activity

Interfund balances and activity at June 30, 2017 and for the fiscal year then ended, were as follows:

Fund Type	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General	\$ 701,446	\$ -	\$ -	\$ 2,093,724
Debt service	5,297	-	2,008,719	-
Capital projects	-	5,806	70,000	-
Special revenue:				
School lunch	-	16,084	-	-
Special aid	-	684,853	15,005	-
Total	<u>\$ 706,743</u>	<u>\$ 706,743</u>	<u>\$ 2,093,724</u>	<u>\$ 2,093,724</u>

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

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 4. Interfund Balances and Activity (continued)

The School District typically transfers money from the General Fund to the Debt Service Fund, where it makes principal and interest payments on the District's bonds.

The School District typically transfers money from the General Fund to the Special Aid Fund for its share of special aid programs.

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

Note 5. Capital Assets

A summary of changes in capital assets follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets that are not depreciated:				
Land	\$ 269,000	\$ -	\$ -	\$ 269,000
Construction in progress	2,535,108	1,209,507	(1,710,545)	2,034,070
	<u>2,804,108</u>	<u>1,209,507</u>	<u>(1,710,545)</u>	<u>2,303,070</u>
Capital assets that are depreciated:				
Land Improvements	4,860,962	-	-	4,860,962
Buildings	60,466,726	1,710,545	-	62,177,271
Furniture & Fixtures	4,430,855	72,597	-	4,503,452
Total depreciable historical cost	<u>69,758,543</u>	<u>1,783,142</u>	<u>-</u>	<u>71,541,685</u>
Less accumulated depreciation:				
Land Improvements	4,567,582	122,549	-	4,690,131
Buildings	23,483,579	1,081,524	-	24,565,103
Furniture & Fixtures	3,489,799	197,960	-	3,687,759
Total accumulated depreciation	<u>31,540,960</u>	<u>1,402,033</u>	<u>-</u>	<u>32,942,993</u>
Total depreciable historical cost, net	<u>38,217,583</u>	<u>381,109</u>	<u>-</u>	<u>38,598,692</u>
Total Capital Assets	<u>\$ 41,021,691</u>	<u>\$ 1,590,616</u>	<u>\$ (1,710,545)</u>	<u>\$ 40,901,762</u>

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 5. Capital Assets (continued)

Depreciation was charged to governmental functions as follows:

	<u>6/30/2017</u>
General support	\$ 544,375
Instruction	756,500
Pupil Transportation	101,158
	<u>\$ 1,402,033</u>

Note 6. Compensated Absences

Compensated absences consist of unpaid accumulated annual vacation time.

District employees are granted vacation in varying amounts, based primarily on length of service and service position.

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

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

Note 7. Indebtedness

Short-term Debt:

Bond Anticipation Notes – Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. The School District has one BAN as described above. The interest rate on the BAN is 1.50%. The BAN had an outstanding balance of \$8,695,000 at June 30, 2017.

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 7. Indebtedness (continued)

The following is a summary of changes in short-term debt:

	Balance 6/30/2016		Additions		Deletions		Balance 6/30/2017
Bond Anticipation Notes	\$ 6,000,000	\$	2,695,000	\$	-	\$	8,695,000

BANs are comprised of the following:

Payee	Interest Rate	Date Issued	Maturity Date	Purpose	Balance 6/30/2017
Glens Falls National Bank and Trust Company	1.50%	7/28/2016	7/28/2017	Improvements	<u>\$ 8,695,000</u>

Interest expense on the District's BAN obligations amounted to \$104,708 for 2016-2017.

Long-Term Debt:

a. Interest

Interest expense paid was \$283,719 for the year ended June 30, 2017.
Amortization of unamortized bond discount was a \$6,250 increase to interest expense resulting in net interest expense of \$289,969.

b. Changes

The changes in the District's indebtedness during the year ended June 30, 2017 are summarized as follows:

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 7. Indebtedness (continued)

	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017
Bonds				
Serial Bond 2010	\$ 2,335,000	\$ -	\$ 560,000	\$ 1,775,000
Serial Bond 2012	3,945,000	-	370,000	3,575,000
Serial Bond 2013	3,850,000	-	795,000	3,055,000
	<u>10,130,000</u>	<u>-</u>	<u>1,725,000</u>	<u>8,405,000</u>
 Installment Obligation	 3,441	 -	 3,441	 -
 Other Liabilities				
Compensated absences	307,647	-	48,076	259,571
Other post employment benefits	65,097,030	7,939,295	-	73,036,325
	<u>65,404,677</u>	<u>7,939,295</u>	<u>48,076</u>	<u>73,295,896</u>
 Grand Total	 <u>\$ 75,538,118</u>	 <u>\$ 7,939,295</u>	 <u>\$ 1,776,517</u>	 <u>\$ 81,700,896</u>

c. Maturity

The following is a summary of maturity of indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2017
Serial Bond 2010	8/31/2010	2/15/2020	2.75%-5.0%	\$ 1,775,000
Serial Bond 2012	6/15/2012	6/15/2026	2.0%-2.375%	3,575,000
Serial Bond 2013	2/9/2013	6/15/2021	3.0%	3,055,000
Total				<u>\$ 8,405,000</u>

The following is a summary of maturing debt service requirements for serial bonds:

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	\$ 1,765,000	\$ 238,469	\$ 2,003,469
2019	1,825,000	187,194	2,012,194
2020	1,885,000	132,344	2,017,344
2021	930,000	67,494	997,494
2022	425,000	43,693	468,693
2023-2027	1,575,000	82,871	1,657,871
	<u>\$ 8,405,000</u>	<u>\$ 752,065</u>	<u>\$ 9,157,065</u>

PLATTSBURGH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

Note 7. Indebtedness (continued)

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

Note 8. Pension Plans

General information

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

Provisions and administrations

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

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

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 8. Pension Plans (continued)

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

Funding policies

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

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

Contributions

	<u>ERS</u>	<u>TRS</u>
2017	\$ 521,730	\$ 2,392,253
2016	\$ 603,485	\$ 3,049,929
2015	\$ 650,798	\$ 2,786,176

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

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

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

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 8. Pension Plans (continued)

	<u>ERS</u>	<u>TRS</u>
Actuarial Valuation Date	3/31/2017	6/30/2016
Net Pension asset/(liability)	\$ (1,107,067)	\$ (1,188,148)
District's portion of the Plan's total net pension asset/(liability)	0.0117820%	0.110934%

For the year ended June 30, 2017, the District has recognized pension expense of \$680,760 for ERS and the Actuarial value \$1,963,637 for TRS. At June 30, 2017 the District has reported deferred outflows of resources and deferred inflows of resources related to pension 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	\$ 27,742	\$ -	\$ 168,114	\$ 385,977
Changes of assumptions	378,215	6,768,446	-	-
Net difference between projected and actual earnings on pension plan investments	221,126	2,671,581	-	-
Changes in proportion and differences between the Districts' contributions and proportionate share of contributions	139,791	6,210	8,725	17,140
District's contributions subsequent to the measurement date	167,972	1,976,529	-	-
Total	<u>\$ 934,846</u>	<u>\$ 11,422,766</u>	<u>\$ 176,839</u>	<u>\$ 403,117</u>

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

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2017	\$ -	\$ 824,709
2018	256,152	824,709
2019	256,152	2,899,533
2020	217,283	2,253,995
2021	(139,552)	1,032,841
Thereafter	-	1,207,333
Total	<u>\$ 590,035</u>	<u>\$ 9,043,120</u>

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 8. Pension Plans (continued)

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2017	6/30/2016
Actuarial valuation date	4/1/2016	6/30/2015
Interest rate	7.0%	7.5%
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 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 July 1, 2009 – June 20, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2014.

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

The Long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rate of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the System's target asset allocation are summarized below:

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 8. Pension Plans (continued)

Measurement Date	<u>ERS</u>	<u>TRS</u>
	3/31/2017	6/30/2016
Asset Type:	%	%
Domestic equity	4.55	6.10
International equity	6.35	7.30
Private equity	7.75	9.20
Real estate	5.80	5.40
Absolute return strategies	4.00	-
Domestic fixed income securities	-	1.00
Global fixed income securities	-	0.80
Mortgages and bonds	1.31	3.10
Opportunistic portfolio	5.89	-
Real assets	5.54	-
Cash	(0.25)	-
Inflation-indexed bonds	1.50	-
Short-term	-	0.10

Discount Rate

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

Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 8. Pension Plans (continued)

ERS	1% Decrease 6%	Current Assumption 7%	1% Increase 8%
Employer's proportionate share of the net pension asset (liability)	\$ (3,535,754)	\$ (1,107,067)	\$ 946,383

TRS	1% Decrease 6.5%	Current Assumption 7.5%	1% Increase 8.5%
Employer's proportionate share of the net pension asset (liability)	\$ (15,502,088)	\$ (1,188,148)	\$ 10,817,635

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)		
	ERS	TRS	Total
Valuation date	3/31/2017	6/30/2016	
Employers' total pension asset/(liability)	\$ (177,400,586)	\$ (108,577,184,039)	\$ (108,754,584,625)
Plan Net Position	168,004,363	107,506,142,099	107,674,146,462
Employers' net pension asset/(liability)	<u>\$ (9,396,223)</u>	<u>\$ (1,071,041,940)</u>	<u>\$ (1,080,438,163)</u>
Ratio of plan net position to the			
Employers' total pension asset / (liability)	-94.70%	-99.01%	-99.01%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$167,972.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2017 through a state aid intercept. Accrued retirement contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contribution for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$2,102,158.

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 9. Post-Employment Benefits

The District provides post employment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. Post-employment benefits aggregating \$3,371,687 for 408 employees were charged to expenses/ expenditures in the Governmental Funds in the current year.

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

The District has obtained an interim actuarial valuation report as of June 30, 2017, which indicates that the total liability for other post-employment benefits is \$73,036,325, which is reflected in the Statement of Net Position.

Annual OPEB Cost and Net OPEB Obligation: The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Annual required contribution	\$ 12,658,323	\$ 11,853,409	\$ 13,701,529
Interest on net OPEB obligation	2,603,881	2,302,685	1,928,000
Adjustment to annual required contribution	<u>(4,331,382)</u>	<u>(3,725,759)</u>	<u>(3,039,698)</u>
Annual OPEB cost (expense)	10,930,822	10,430,335	12,589,831
Contributions made	<u>(2,991,527)</u>	<u>(2,900,431)</u>	<u>(3,222,713)</u>
Increase in net OPEB obligation	7,939,295	7,529,904	9,367,118
Net OPEB obligation - beginning of year	<u>65,097,030</u>	<u>57,567,126</u>	<u>48,200,008</u>
Net OPEB obligation - end of year	<u>\$ 73,036,325</u>	<u>\$ 65,097,030</u>	<u>\$ 57,567,126</u>
Annual OPEB Cost	\$ 10,930,822	\$ 10,430,335	\$ 12,589,831
Percentage of Annual OPEB Cost Contributed	27.4%	27.8%	25.6%
Net OPEB Obligation at end of year	\$ 73,036,325	\$ 65,097,030	\$ 57,567,126

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 9. Post-Employment Benefits (continued)

Funding Status and Funding Progress: As of June 30, 2017, the actuarial accrued liability for benefits was \$113,274,484, all of which was unfunded. The covered payroll for all active employees was \$22,433,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 505%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Retirement age was based on the experience under the NYS & Local Retirement System.

Marital status – It is assumed that 70% of retirees will be married at the time of their retirement.

Mortality – Life expectancies were based on The RPH-2014 Headcount Weighted Mortality Table for males and females.

Turnover – Turnover was based on the experience under the NYS & Local Retirement System.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was set at 3.5%.

Discount rate – A 4% discount was used.

The unfunded actuarial accrued liability is being amortized over a level period of 30 years. The remaining amortization period at June 30, 2017 was 21 years.

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 10. Assigned Fund Balance – Other

<u>June 30, 2017</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Central Services	\$ 125,180	\$ -	\$ 125,180
Instruction Admin & Improvement	49,629	-	49,629
Teaching	5,172	-	5,172
Programs for Children with Handicap	15	-	15
Instructional Media	533	-	533
Pupil Transportation	1,275	-	1,275
	<u>\$ 181,804</u>	<u>\$ -</u>	<u>\$ 181,804</u>

<u>June 30, 2016</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Board of Education	\$ 1	\$ -	\$ 1
Central Services	130,916	-	130,916
Instruction Admin & Improvement	47,024	-	47,024
Teaching	2,031	-	2,031
Programs for Children with Handicap	27	-	27
Instructional Media	539	-	539
Pupil Service	7,138	-	7,138
Pupil Transportation	859	-	859
	<u>\$ 188,535</u>	<u>\$ -</u>	<u>\$ 188,535</u>

Note 11. Commitments and Contingencies

The Plattsburgh City School District is exposed to various risk of loss related to damage to and destruction of assets: injuries to employees and students; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. For its employee health and accident insurance coverage the Plattsburgh City School District is a participant in the Clinton-Essex-Warren-Washington Health insurance Consortium, a public entity risk pool operated for the benefit of 17 individual governmental units located within the Counties of Clinton, Essex, Warren and Washington. The District pays an annual premium to the Plan for the health and accident coverage.

The Clinton-Essex-Warren-Washington Health Insurance Consortium is considered a self-sustaining risk pool that will provide coverage for insured events. The Plattsburgh City School District has essentially transferred all related risk to the Consortium.

The Plattsburgh City School District participates in a risk sharing pool, the Clinton-Essex-

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 11. Commitments and Contingencies (continued)

Warren-Washington Workers' Compensation Consortium, to insure Workers' Compensation claims. The Clinton-Essex-Warren-Washington Workers' Compensation Consortium is a public entity risk pool operated for the benefit of 16 individual governmental units located within the Counties of Clinton, Essex, Warren and Washington. The District pays an annual premium to the Plan for the worker's compensation coverage. The Clinton-Essex-Warren- Washington Worker's Compensation Consortium is considered a self-sustaining risk pool that will provide coverage for insured events. The Plattsburgh City School District has essentially transferred all related risk to the Consortium.

From time to time the Plattsburgh City School District is involved in tax certiorari proceedings from residents petitioning to have their assessed taxable values lowered. The District is aware of various petitions for tax certiorari proceedings which if successful would result in refunds of \$1,241,120 in school taxes. A reserve for tax certiorari has been established for \$1,241,120.

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

Note 12. Operating Leases

The Plattsburgh City School District leases a significant amount of property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2017 were \$5,562. The maximum future non-cancelable operating lease payments are as follows:

Fiscal Year Ending June 30,	Amount
2018	\$ 5,562
2019	5,562
2020	4,364
	<u>\$ 15,488</u>

Note 13. Joint Venture

The Plattsburgh City School is one of 17 component school districts in the Clinton-Essex-Warren-Washington 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 are also considered municipal

PLATTSBURGH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

Note 13. Joint Venture (continued)

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 cost is determined by resident public school district 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.

During the year ended June 30, 2017, the Plattsburgh City School District was billed \$4,135,427 for BOCES administrative and program costs. Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2017, the Plattsburgh City School District issued no serial bonds on behalf of BOCES. General-purpose financial statements for the Clinton-Essex-Warren-Washington BOCES are available from BOCES administrative office at P.O. Box 485, Plattsburgh, New York. The District's share of BOCES income amounted to \$1,147,909. BOCES also refunded the District \$323,065 for excess expenses billed in prior years.

Note 14. Property Taxes

Real property taxes are levied annually by the Board of Education no later than June 30, and become a lien on July 1, 2016. Taxes were collected during the period August 1 to November 30, 2016.

The City of Plattsburgh enforces uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City to the District within two years from the return of unpaid taxes to such City. Real property taxes receivable expected to be collected within 60 days subsequent to June 30, 2017, less similar amounts collected during this period in the preceding year, are recognized as revenues. Otherwise, deferred revenues offset real property taxes receivable.

Note 15. Tax Abatements

The County of Clinton, enter into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced \$661,787. The District received payment in Lieu of Tax (PILOT) payment totaling \$157,200.

PLATTSBURGH CITY SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Note 16. Prior Period Information

Comparative prior period information has been presented in summary form. This information was derived from the District's June 30, 2016 financial statements, and in our report dated September 6, 2016 we expressed an unmodified opinion.

Note 17. Stewardship, Compliance and Accountability

The District's undesignated general fund balance was in excess of the New York State Real Property Tax Law Section 1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The undesignated fund balance at June 30, 2017 was \$1,772,407, which represents 4.14% of next year's budget. The excess amounted to \$58,782.

The Capital Projects had a deficit fund balance of \$6,170,925. This will be funded when the District obtains permanent financing for its current construction project.

Note 18. Subsequent Event

On July 27, 2017, the District renewed an outstanding BAN for \$8,600,000. The BAN accrues interest at 1.0% and is due July 29, 2018.

PLATTSBURGH CITY SCHOOL DISTRICT

COMBINING BALANCE SHEETS - SPECIAL REVENUE FUNDS

June 30, 2017 and 2016

	Special Aid	School Lunch	6/30/2017 Total	6/30/2016 Total
ASSETS				
Unrestricted cash	\$ 61	\$ -	\$ 61	\$ 34
Accounts receivable	-	32,101	32,101	34,282
State and federal aid receivable	686,735	-	686,735	441,807
Inventories	-	30,291	30,291	24,520
Total assets	\$ 686,796	\$ 62,392	\$ 749,188	\$ 500,643
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 1,274	\$ 309	\$ 1,583	\$ -
Accrued liabilities	669	207	876	4,133
Due to other funds	684,853	16,084	700,937	482,615
Due to other governments	-	64	64	103
Due to employees' retirement	-	42,898	42,898	13,792
Total liabilities	686,796	59,562	746,358	500,643
Fund Balance:				
Nonspendable				
Inventories	-	30,291	30,291	24,520
Unassigned	-	(27,461)	(27,461)	(24,520)
Total unreserved fund balance	-	2,830	2,830	-
Total liabilities and fund balance	\$ 686,796	\$ 62,392	\$ 749,188	\$ 500,643

See Independent Auditor's Report.

PLATTSBURGH CITY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES AND EXPENDITURES - SPECIAL REVENUE FUND

Years Ended June 30, 2017 and 2016

	Special Aid	School Lunch	6/30/2017 Total	6/30/2016 Total
REVENUES				
State and local sources	\$ 463,275	\$ 23,540	\$ 486,815	\$ 468,899
Federal sources	1,216,451	870,671	2,087,122	1,928,911
Miscellaneous	-	29,951	29,951	30,300
Sales	-	89,429	89,429	70,430
Total revenues	<u>1,679,726</u>	<u>1,013,591</u>	<u>2,693,317</u>	<u>2,498,540</u>
EXPENDITURES				
General Support	-	369,877	369,877	353,471
Instruction	1,546,265	-	1,546,265	1,582,558
Employee Benefits	148,466	206,329	354,795	322,983
Cost of sales	-	434,555	434,555	405,436
Total expenditures	<u>1,694,731</u>	<u>1,010,761</u>	<u>2,705,492</u>	<u>2,664,448</u>
OTHER SOURCES				
Operating Transfers In	15,005	-	15,005	103,260
Total Other Sources	<u>15,005</u>	<u>-</u>	<u>15,005</u>	<u>103,260</u>
Excess (deficit) of revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 2,830</u>	<u>\$ 2,830</u>	<u>\$ (62,648)</u>

See Independent Auditor's Report.

PLATTSBURGH CITY SCHOOL DISTRICT

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT
Year Ended June 30, 2017**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 41,706,206
Add: Prior year's encumbrances	<u>188,535</u>
Final budget	<u><u>\$ 41,894,741</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2017-2018 expenditure budget	\$ 42,840,628
Maximum allowed (4% of 2017-18 budget)	

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

Unrestricted fund balance:	
Assigned fund balance	\$ 1,463,264
Unassigned fund balance	<u>1,772,407</u>
Total unrestricted fund balance	<u><u>3,235,671</u></u>
Less:	
Appropriated fund balance	1,281,460
Encumbrances included in committed and assigned fund balance	<u>181,804</u>
Total adjustments	<u><u>1,463,264</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	<u><u>\$ 1,772,407</u></u>
Actual percentage	<u><u>4.14%</u></u>

PLATTSBURGH CITY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2017

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
Revenues:				
Local sources:				
Real property tax items	\$ 21,261,302	\$ 21,261,302	\$ 21,075,962	\$ (185,340)
Charges for services	14,100	14,100	23,176	9,076
Other districts and governments	170,000	170,000	282,574	112,574
Use of money and property	42,300	42,300	71,784	29,484
Sale of property and compensation for loss	5,500	5,500	15,959	10,459
Miscellaneous	289,000	289,000	680,046	391,046
State sources	18,499,245	18,499,245	18,175,294	(323,951)
Federal sources	175,000	175,000	214,960	39,960
Total revenues	<u>40,456,447</u>	<u>40,456,447</u>	<u>40,539,755</u>	<u>83,308</u>
Other Financing Sources				
Appropriated reserves	-	188,535	-	
	<u>-</u>	<u>188,535</u>	<u>-</u>	
Total revenues and appropriated fund balance	<u>\$ 40,456,447</u>	<u>\$ 40,644,982</u>	<u>\$ 40,539,755</u>	

See Independent Auditor's Report.

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Expenditures:					
General support:					
Board of education	\$ 41,643	\$ 45,450	\$ 35,501	\$ -	\$ 9,949
Central administration	216,869	217,327	215,103	-	2,224
Finance	492,976	486,983	437,332	-	49,651
Staff	72,593	88,271	73,930	-	14,341
Central services	2,449,624	2,616,168	2,401,957	125,180	89,031
Special items	697,831	724,394	716,248	-	8,146
Instructional:					
Administration and improvement	1,552,850	1,558,554	1,463,254	49,629	45,671
Teaching - regular school	11,366,266	11,284,069	10,591,471	5,172	687,426
Programs for Children with Handicapping	6,299,166	6,281,963	5,982,700	15	299,248
Occupational Education	1,046,667	1,117,073	1,105,723	-	11,350
Instructional media	1,308,117	1,284,771	1,159,197	533	125,041
Pupil service	2,137,984	2,280,703	2,245,199	-	35,504
Pupil transportation	446,351	436,104	401,061	1,275	33,768
Community Services	7,000	7,000	5,381	-	1,619
Employee benefits	11,351,550	11,247,192	10,425,028	-	822,164
Total expenditures	39,487,487	39,676,022	37,259,085	181,804	2,235,133
Other financing uses:					
Interfund transfer	2,218,719	2,218,719	2,093,724	-	124,995
Total expenditures and other uses	41,706,206	41,894,741	39,352,809	181,804	2,360,128
Net change in fund balance	(1,249,759)	(1,249,759)	1,186,946		
Fund balance - beginning	5,532,766	5,532,766	5,532,766		
Fund balance - ending	\$ 4,283,007	\$ 4,283,007	\$ 6,719,712		

See Independent Auditor's Report.

PLATTSBURGH CITY SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND

Year Ended June 30, 2017

Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	(Overexpended) Unexpended Balance	Methods of Financing			Fund Balance June 30, 2017	
							Proceeds of Obligations	State Aid	Local Sources		
District Wide Projects	\$ 9,094,826	\$ 9,094,826	\$ 5,399,088	\$ 1,137,047	\$ 6,536,135	\$ 2,558,691	\$ -	\$ 367,346	\$ 324	\$ 367,670	\$ (6,168,465)
100K Project	70,000.00	70,000.00	-	70,000.00	70,000.00	-	-	-	70,000	70,000	-
Smart Schools	1,599,700	1,599,700	-	2,460	2,460	-	-	-	-	-	(2,460)
Total	<u>\$ 10,764,526</u>	<u>\$ 10,764,526</u>	<u>\$ 5,399,088</u>	<u>\$ 1,209,507</u>	<u>\$ 6,608,595</u>	<u>\$ 2,558,691</u>	<u>\$ -</u>	<u>\$ 367,346</u>	<u>\$ 70,324</u>	<u>\$ 437,670</u>	<u>\$ (6,170,925)</u>

See Independent Auditor's Report.

PLATTSBURGH CITY SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2017

Capital Assets, Net	\$	40,901,762
Add:		
Unamortized bond discount		59,583
Deduct:		
Bond anticipation notes		8,695,000
Unamortized bond premium		30,000
Short-term portion of bonds payable		1,765,000
Long-term portion of bonds payable		6,640,000
Less: unspent bond proceeds		(2,524,075)
Net investment in capital assets	\$	<u>26,355,420</u>

PLATTSBURGH CITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS OTHER POST EMPLOYMENT BENEFITS PLAN
Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UALL as a Percentage of Covered Payroll
6/30/2017	\$ -	\$ 113,274,484	\$ 113,274,484	0%	\$ 22,433,000	504.9%
6/30/2016	\$ -	\$ 107,250,414	\$ 107,250,414	0%	\$ 20,188,017	531.3%
6/30/2015	\$ -	\$ 123,535,600	\$ 123,535,600	0%	\$ 18,528,103	666.7%
6/30/2014	\$ -	\$ 122,730,021	\$ 122,730,021	0%	\$ 20,883,226	587.7%
6/30/2013	\$ -	\$ 115,833,839	\$ 115,833,839	0%	\$ 20,661,351	560.6%
6/30/2012	\$ -	\$ 102,764,163	\$ 102,764,163	0%	\$ 20,629,241	498.1%
6/30/2011	\$ -	\$ 97,157,236	\$ 97,157,236	0%	\$ 21,700,898	447.7%
6/30/2010	\$ -	\$ 101,483,012	\$ 101,483,012	0%	\$ 20,857,371	486.6%
6/30/2009	\$ -	\$ 95,698,181	\$ 95,698,181	0%	\$ 20,523,258	466.3%

PLATTSBURGH CITY SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year Ended June 30, 2017

NYSERS Pension Plan
 Last 10 Fiscal Years*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.0117820%	0.0120500%	0.0114206%							
District's proportionate share of the net pension liability (asset)	\$ 1,107,067	\$ 1,934,065	\$ 385,816							
District's covered- employee payroll	\$ 4,662,311	\$ 3,235,159	\$ 3,124,371							
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	23.75%	59.78%	12.35%							
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%							

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

PLATTSBURGH CITY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2017

NYSERS Pension Plan
Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 521,730	\$ 603,485	\$ 650,798	\$ 593,304	\$ 563,913	\$ 519,441	\$ 355,062	\$ 239,572	\$ 251,852	\$ 265,120
Contributions in relation to the contractually required contribution	\$ 521,730	\$ 603,485	\$ 650,798	\$ 593,304	\$ 563,913	\$ 519,441	\$ 355,062	\$ 239,572	\$ 251,852	\$ 265,120
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 4,662,311	\$ 3,235,159	\$ 3,124,371							
Contributions as a percentage of covered employee payroll	11.2%	18.7%	20.8%							

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

PLATTSBURGH CITY SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year Ended June 30, 2017

NYSTRS Pension Plan
 Last 10 Fiscal Years*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.110934%	0.111022%	0.111060%	0.107273%						
District's proportionate share of the net pension liability (asset)	\$ 1,188,148	\$ (11,531,596)	\$ (12,371,412)	\$ (706,126)						
District's covered- employee payroll	\$ 17,094,849	\$ 16,959,372	\$ 16,409,779							
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.95%	-68.00%	-75.39%							
Plan fiduciary net position as a percentage of the total pension liability	99.01%	110.46%	111.48							

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

PLATTSBURGH CITY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2017

NYSTRS Pension Plan
Last 10 Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 2,269,874	\$ 2,923,467	\$ 2,786,176	\$ 1,980,128	\$ 1,909,564	\$ 1,530,930	\$ 1,143,717	\$ 1,363,264	\$ 1,502,525	\$ 1,384,816
Contributions in relation to the contractually required contribution	\$ 2,269,874	\$ 2,923,467	\$ 2,786,176	\$ 1,980,128	\$ 1,909,564	\$ 1,530,930	\$ 1,143,717	\$ 1,363,264	\$ 1,502,525	\$ 1,384,816
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Districts covered-employee payroll	\$ 17,094,849	\$ 16,959,372	\$ 16,409,779							
Contributions as a percentage of covered employee payroll	13.28%	17.24%	16.98%							

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

PLATTSBURGH CITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education			
Pass-Through New York State Department of Education:			
Special Education Cluster:			
IDEA - Part B -Section 611	84.027	0032-17-0140	\$ 487,517
IDEA - Part B -Section 619	84.173	0033-17-0140	23,592
Total Special Education Cluster			<u>511,109</u>
Title I A&D Improv.	84.010	0021-17-0510	524,310
Title I School Improvement	84.010	0011-17-2662	12,677
Title I School Improvement	84.010	0011-16-2662	9,006
Title II A Teach/ Prin Trng/ Recruitmt	84.367	0147-17-0510	120,512
Title VI B Rural & Low Income Schools	84.358	0006-17-0510	38,838
Total Department of Education			<u>1,216,452</u>
U.S. Department of Agriculture			
Pass-Through New York State			
National School Lunch Program- Cash	10.555		573,520
National School Lunch Program - Commodities	10.555		85,366
School Breakfast Program	10.553		211,785
Total Department of Agriculture			<u>870,671</u>
Total federal assistance expended			<u>\$ 2,087,123</u>

See Independent Auditor's Report.

PLATTSBURGH CITY SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2017

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

Note 2. Sub-Recipients

Of the federal expenditures presented in the schedule, the Plattsburgh City School District provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Sub-Recipient</u>
Title I - A&D Improv Acad Achmt	84.010	\$ 3,030
Title IIA - Teach/Prin Trng/Recr	84.367	2,055
		<u>\$ 5,085</u>

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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
Plattsburgh City School District
Plattsburgh, New York 12901

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Plattsburgh City School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Plattsburgh City School District's basic financial statements and have issued our report thereon dated September 6, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. The finding is referenced as 17-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Plattsburgh City School District'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 instances of noncompliance or other matters that are required to be reported under Government *Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 17-1.

Purpose of this Report

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

Boulrice & Wood CPAs, PC

Boulrice & Wood CPAs, PC
September 6, 2017

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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

To the Board of Education
Plattsburgh City School District
Plattsburgh, New York 12901

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Plattsburgh City School District 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 Plattsburgh City School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Plattsburgh City School District's internal control over compliance.

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

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

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

Boulrice & Wood CPAs, PC

Boulrice & Wood CPAs, PC
September 6, 2017

**PLATTSBURGH CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? x yes _____ no

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies identified not considered to be a material weakness? _____ yes x no

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	National School Lunch Program- Cash
10.555	National School Lunch Program- Commodities
10.553	School Breakfast Program

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

Auditee qualified as low-risk Auditee? x yes _____ no

**PLATTSBURGH CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
JUNE 30, 2017**

SECTION II – FINANCIAL STATEMENTS

17-1 Excess Fund Balance

Condition: The District's unassigned general fund balance was 4.14% of next year's budget.

Effect: The District's unassigned general fund balance was .14% or \$58,732 over the amount allowable by law.

Criteria: According to New York State Real Property Tax Law Section 1318, a district's unappropriated fund balance may not exceed an amount equal to 4% of next year's budget.

Recommendation: We recommend the District keep in mind this law when preparing next year's budget.

Corrective Action: Management has discussed the issue with the Board of Education and will address the use of excess unassigned general fund balance in a manner that benefits District residents. The Plattsburgh City School District Administration, as well as the Board of Education, believes the 4.14% unassigned fund balance is nominal. Further, the Board feels the 4% threshold should be considerably higher as this is not a reasonable percentage for school districts considering the fluctuation in NY State aid.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current period findings.

**PLATTSBURGH CITY SCHOOL DISTRICT
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2017**

There were no prior year audit findings.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board
Plattsburgh City School District
Plattsburgh, New York

We have audited the accompanying statement of assets, liabilities and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of the Plattsburgh City School District as of and for the year June 30, 2017, and the related 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 the cash basis of accounting described in Note 1; 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 control 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 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 minimum program procedures established by the New York State Department of Education. 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 present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of the Plattsburgh City School District as of June 30, 2017, and its receipts, disbursements and ending balances – cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial 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.

Boulrice & Wood CPAs, PC

Boulrice & Wood CPAs, PC
September 6, 2017

**PLATTSBURGH CITY SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
June 30, 2017 and 2016**

	<u>6/30/2017</u>	<u>6/30/2016</u>
Assets		
Cash	\$ 79,031	\$ 64,096
Total Assets	<u>\$ 79,031</u>	<u>\$ 64,096</u>
 Fund Balance		
Extraclassroom Activity	\$ 79,031	\$ 64,096
Total Fund Balance	<u>\$ 79,031</u>	<u>\$ 64,096</u>

**PLATTSBURGH CITY SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND ENDING BALANCES
Year Ended June 30, 2017**

Activity	Balance June 30, 2016	Receipts	Disbursements	Balance June 30, 2017
Class of 2013	\$ 916	\$ -	\$ -	\$ 916
Class of 2014	1,174	-	-	1,174
Class of 2015	693	-	-	693
Class of 2016	3	-	3	-
Class of 2017	4,939	1,939	5,773	1,105
Class of 2018	3,698	3,857	2,420	5,135
Class of 2019	2,383	1,942	360	3,965
Class of 2020	-	5,857	2,782	3,075
Class of 2021	-	5,576	5,098	478
Adventure Club	103	426	273	256
After Prom	-	10,256	7,446	2,810
Amnesty Int'l	97	867	624	340
Band Fund - SMS	16	-	-	16
Bookstore	3,059	30	3,089	-
Drama Club	11,628	19,317	20,308	10,637
Drama Club - SMS	435	-	-	435
CFES	3,387	3,568	2,790	4,165
French Club	941	-	-	941
French Club - SMS	109	-	-	109
FLBA	191	870	563	498
German Club	6,609	6,289	1,516	11,382
Green Team	197	3,977	3,020	1,154
GSA Club	91	-	-	91
Key Club	89	686	772	3
Library Council - SMS	1,354	-	1,354	-
Model UN	-	90	-	90
Multi-Cultural Club	2,080	2,158	2,129	2,109
Music / Band	2,250	2,451	1,224	3,477
National Honor Society	3,362	4,797	3,543	4,616
Newspaper Club	403	12	35	380
School Store - SMS	627	506	678	455
Science Club	1,800	3,238	2,648	2,390
Science Olympiad	1,239	-	1,239	-
Student Association	4,990	7,741	3,409	9,322
Student Council - SMS	917	4,227	2,892	2,252
Yearbook Club - PHS	1,495	9,961	10,815	641
Yearbook Club - SMS	1,629	4,282	3,318	2,593
Sales Tax - PHS	777	1,400	1,249	928
Sales Tax - SMS	415	478	493	400
	<u>\$ 64,096</u>	<u>\$ 106,798</u>	<u>\$ 91,863</u>	<u>\$ 79,031</u>

See Notes to the Financial Statements – Extraclassroom Activity Funds.

PLATTSBURGH CITY SCHOOL DISTRICT

**EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies

Basis of Accounting: The books and records of the Plattsburgh City School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Basis of Presentation: The Extraclassroom Activity Funds of the Plattsburgh City School District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. The cash and investment balances are reported in the Trust and Agency Funds of the District.

Cash Equivalents: For financial statement purposes all highly liquid investments having maturities of three months or less are considered as cash equivalents.