

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
GOUVERNEUR, NEW YORK**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2018**

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**Independent Auditors' Report**

To the Board of Education  
Gouverneur Central School District

**Report on the Financial Statements**

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

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

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

***Auditors' Responsibility***

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

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

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





**Independent Auditors' Report (continued)**

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gouverneur Central School District, as of June 30, 2018, 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.

***Emphasis of Matter***

***Change in Accounting Principle***

We draw attention to Notes 10 and 18 in the notes to the financial statements which disclose the effects of Gouverneur Central School District's adoption of the provisions of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

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

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gouverneur Central School District's basic financial statements. Other supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America and/or New York State Education Department. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.



**Independent Auditors' Report (continued)**

*Other Information - continued*

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

The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on the schedules.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2018 on our consideration of the Gouverneur Central 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gouverneur Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gouverneur Central School District's internal control over financial reporting and compliance.

*Crowley & Halloran CPAs P.C.*

October 1, 2018

Watertown, New York

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

The following discussion and analysis of Gouverneur Central School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and other financial statements to enhance their understanding of the School District's financial performance. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

**DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Gouverneur Central School District (the "School District") is considered a Rural School District. The School District has land area of approximately 226 square miles and an estimated population of 10,996. Included in the district are all of the Village of Gouverneur, all of the Town of Gouverneur, and portions of the Towns of DeKalb, Edwards, Fowler, Hermon, Macomb, Pitcairn, Rossie, and Antwerp. It is located in the western portion of St. Lawrence County, in the northern sector of New York State.

The School District operates under a locally-elected Board form of government consisting of nine members elected at-large for staggered three year terms. The Board of Education is the policy-making body of the School District. The President and the Vice President are elected by the Board members. The President of the Board is the chief fiscal officer of the School District. The board must ensure that district expenditures do not exceed the budget approved by the voters.

The duties of the administrative offices of the School District are to implement the policies of the Board of Education and supervise the operation of the school system. The Superintendent of Schools is the chief executive officer.

The School District is staffed by 353 full-time and part-time employees who provide services to approximately 1,570 students and other community members. The School District currently operates two elementary schools (PK-4) and one middle-senior high school (5-12). The district runs 27 buses and averages 1,960 miles daily.

Extraclassroom Activity Funds – These funds are considered a component unit of the School District. Financial statements for these funds can be found in this report.

Parent Teacher Organizations and Booster Clubs – The School District is not involved in the budgeting or management, is not responsible for any debt, and has minimal influence over these organizations.



**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**FINANCIAL HIGHLIGHTS**

- Among major funds, the General Fund had \$33,451,003 in incoming monies and \$32,416,585 in monies going out. The General Fund's balance increased \$1,034,418 over 2016-17 fiscal year. The district established additional reserves of \$1,146,975 (reserves increased \$267,301) to protect the school district and the residents against hard fiscal times in the future. The 2017-18 tax levy set by the Board of Education was a 2.0% increase from the prior year which did not exceed the tax cap limit. Therefore, the taxpayers of the Gouverneur CSD will qualify for the tax rebate.
- As a whole, the school district's net position decreased 111.2% (\$6,108,758). The District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions which required a restatement of \$44,090,290 decreasing net position and increasing the liability for OPEB. The 2017 balances in this Management's Discussion and Analysis have not been restated to reflect this change. This liability amounts \$86,087,366 at June 30, 2018. As of this date, the State has not given a means to fund this accrued liability for past service costs.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The School District's annual report consists of three parts: management's discussion & analysis, the basic financial statements, and required supplementary information.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section presents Management's Discussion and Analysis (MD&A). It precedes the financial statements and its purpose is to put current financial performance in perspective relative to past performance and future expectations.

**Reclassifications**

Certain accounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**BASIC FINANCIAL STATEMENTS**

The basic financial statements include two kinds of statements that present different views of the School District, district-wide and fund financial statements.

**District-wide Financial Statements**

The first two financial statements that follow are district-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

See paragraph on supplementary schedules included in auditors' report.



**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**District-wide Financial Statements (continued)**

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 School District's net position and how it has changed. Net position - the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

**Fund Financial Statements**

The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the District's operations in more detail than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

***Governmental Funds*** - include most of the School District's basic services. They generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending.

- 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.
- The governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs.
- Because this information does not encompass the additional long-term focus of the district-wide statements, additional information detailed in Note 2 of the financial statements explains the relationship (or differences) between them.

***Fiduciary Funds*** - the School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds.

- The *fiduciary funds* statements provide information about financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**Fund Financial Statements (continued)**

- The School District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.
- The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

**Notes to the Financial Statements**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Figure A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain.

<b>Figure A-1 Major Features of the District-Wide and Fund Financial Statements</b>			
	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities and changes in net position</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability /deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**REQUIRED SUPPLEMENTARY INFORMATION**

The basic financial statements and notes are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

**Condensed Statement of Net Position**

	Governmental Activities and Total School District			
	2018	2017	\$ Change	% Change
Current and Other Assets	\$ 16,415,316	\$ 23,348,571	\$(6,933,255)	(29.7%)
Capital & Pension Asset	41,240,852	33,002,435	8,238,417	25.0%
Total Assets	57,656,168	56,351,006	1,305,162	2.3%
Deferred Outflows of Resources	9,412,912	7,047,980	2,364,932	33.6%
Long-Term Debt Outstanding	110,568,122	49,465,061	61,103,061	123.5%
Other Liabilities	5,240,228	25,043,721	(19,803,493)	(79.1%)
Total Liabilities	115,808,350	74,508,782	41,299,568	55.4%
Deferred Inflows of Resources	13,016,195	446,621	12,569,574	2,814.4%
Net Position				
Net Investment in Capital Assets	16,739,462	5,752,435	10,987,027	191.0%
Restricted	7,040,642	6,777,484	263,158	3.9%
Unrestricted	(85,535,569)	(24,086,336)	(61,449,233)	(255.1%)
Total Net Position (Deficit)	\$ (61,755,465)	\$(11,556,417)	\$(50,199,048)	(434.4%)

Total net position decreased by \$50,199,048 because of the following:

- Total Assets increased \$1,305,162. Current and other assets decreased by \$6,933,255 as a result of proceeds from a BAN (Bond Anticipation Note) received in 2017 that were spent by year end. Capital assets increased \$7,782,027 due to the net effect of the on-going capital project, purchases for buses and equipment, retainage, and the annual depreciation expense on the District's capital assets. The District's proportionate net share of the pension assets increased by \$456,390. In the current year the District's proportionate net share of TRS is an asset, while in the prior year TRS was a liability.
- The District recorded its proportionate share of the Deferred Outflows of Resources related to pensions of \$7,276,918, for an increase of \$228,938 over 2016-17 in accordance with the GASB 68 standard, in its fourth year of implementation. The District recorded its proportionate share of the deferred outflows of resources related to the Other Post Employment Benefits (OPEB) in accordance with the newly implemented GASB 75 standard in the amount of \$2,135,994.
- Total Liabilities increased \$41,299,568. Long-term Liabilities increased by \$61,103,061 from a combination of 1) the District's Actuarial calculated increase to Other Post-Employment Benefits in the amount of \$86,087,366 for post-employment healthcare benefits of current and retired employees of the District, 2) the increase of the District's debt \$18,180,000 due to the issuance of 2018 Serial bonds of \$18,940,000 and the scheduled debt repayment on the 2012 Serial Bonds of \$760,000; and 3) The District recorded its proportionate share of the pension liability \$346,581, this decreased \$1,215,405 from 2016-17. Other Liabilities decreased \$19,803,493 as a result of redemption of the bond anticipation note for financing the capital project, decreased

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

outstanding vendor payables for the capital project, along with decreases in the Due to Teachers' and Employees' Retirement and offset by a bond premium that will be recognized over the life of the bond.

- The District recorded its proportionate share of the Deferred Inflows of Resources \$2,464,800 in accordance with the GASB 68 standard implemented in 2014-15, this increased by \$2,018,179. The District also recorded deferred inflows related to the OPEB of \$10,551,395.
- Restricted net position reflects increases in Workers' Compensation, Unemployment, Retirement, Capital, Tax Certiorari, and Debt Service.
- Beginning net position decreased by \$44,090,290 for the restatement required for the implementation of GASB No. 75.

**Net Position from Operating Results**

	Governmental Activities and Total School District			
	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 269,266	\$ 277,499	\$ (8,233)	(3.0%)
Operating Grants and Contributions	2,139,012	2,327,632	(188,620)	(8.1%)
General Revenues				
Property Taxes and Other Tax Items	5,938,646	5,829,908	108,738	1.9%
State Formula Aid	26,793,672	25,998,850	794,822	3.1%
Federal Aid	1,117	5,504	(4,387)	(79.7%)
Interest Earnings	163,660	4,780	158,880	3,323.8%
Miscellaneous	<u>841,042</u>	<u>684,075</u>	<u>156,967</u>	<u>22.9%</u>
<b>Total Revenues and Special Items</b>	<u>36,146,415</u>	<u>35,128,248</u>	<u>1,018,167</u>	<u>2.9%</u>
<b>Expenses</b>				
General Support	8,119,060	7,107,677	1,011,383	14.2%
Instruction	30,364,011	27,361,375	3,002,636	11.0%
Transportation	2,468,644	2,452,576	16,028	0.7%
Debt Service - Interest	414,025	238,100	175,925	73.9%
Cost of Sales - Food	<u>889,433</u>	<u>861,034</u>	<u>28,399</u>	<u>3.3%</u>
<b>Total Expenses</b>	<u>42,255,173</u>	<u>38,020,762</u>	<u>4,234,411</u>	<u>11.1%</u>
<b>Decrease in Net Position</b>	<u>\$ (6,108,758)</u>	<u>\$ (2,892,514)</u>	<u>\$ (3,216,244)</u>	<u>(111.2%)</u>

**Revenues:**

Total revenues increased \$1,018,167 as shown above because of the following: 1) Increase of \$794,822 in State Aid General Operating Aid and Excess Cost Aid payments; 2) increase in interest earnings by \$158,880, and 3) increase of \$108,738 in real property taxes.

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**Expenses:**

General Support: This Consists of the Board of Education, Central Administration, Finance, Personnel, Maintenance, Utilities, Central Printing, Central Data Processing, Fire and Liability Insurance, Employee Benefits, and BOCES Administrative costs. This area has increased due to a combination of BOCES fees and services; maintenance and plant; and employee benefits.

Instruction and Transportation: The instructional area had an increase of 11.0%. This covers contractual agreements for salaries and employee benefits, as well as the purchase of supplies and materials. Transportation expenses increased slightly 0.7% because of the net of increases to the transportation contract prices, decreases in price for diesel fuel, and the reduction of bus repairs. General Support increased 14.2%, this was primarily due to increased employee benefits.

Debt Service Expenses: This area increased \$175,925 or 73.9% because the District had interest on Serial Bond payments and Bond Anticipation Notes.

School Lunch Program: This area increased \$28,399 or 3.3% due to the net of increases in food purchases, salaries, and employee repairs and the reduction of contractual expenditures and materials and supplies.

**Governmental Activities**

The following analysis compares the total cost of services provided by the District in relation to the net cost of providing the service after considering program service revenues generated and program operating grants.

**Net Cost of Governmental Activities**

	Total Cost of Services				Net Cost of Services		
	2018	2017	% Change		2018	2017	% Change
General Support	\$ 8,119,060	\$ 7,107,677	14.2%		\$ 8,119,060	\$ 7,107,677	14.2%
Instruction	30,364,011	27,361,375	11.0%		28,661,036	25,458,144	12.6%
Pupil Transportation	2,468,644	2,452,576	0.7%		2,468,644	2,452,576	0.7%
Debt Service - Interest	414,025	238,100	73.9%		414,025	238,100	73.9%
Cost of Sales	889,433	861,034	3.3%		184,130	159,134	15.7%
<b>Total</b>	<b>\$ 42,255,173</b>	<b>\$38,020,762</b>	<b>11.1%</b>		<b>\$ 39,846,895</b>	<b>\$ 35,415,631</b>	<b>12.5%</b>

The District strives to control and reduce cost for our taxpayers, while maintaining program and staffing appropriate for current enrollment.

See paragraph on supplementary schedules included in auditors' report.



**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of the fiscal year 2018, the School District had \$40,784,462 invested in land, buildings, furniture and equipment, and vehicles. The following table compares fiscal 2018 balances to 2017.

**Capital Assets**

	Governmental Activities and Total School District			
	2018	2017	\$ Change	% Change
Land	\$ 299,027	\$ 299,027	\$ -	0.0%
Construction in Progress	24,291,566	15,947,173	8,344,393	52.3%
Buildings (net of depreciation)	13,844,046	14,442,426	(598,380)	(4.1%)
Vehicles, Equipment and Furniture (net of depreciation)	<u>2,349,823</u>	<u>2,313,809</u>	<u>36,014</u>	<u>1.6%</u>
Total	<u>\$ 40,784,462</u>	<u>\$33,002,435</u>	<u>\$ 7,782,027</u>	<u>23.6%</u>

Capital Assets include depreciation expense of \$1,254,417.

During fiscal year 2018 the District made five bus purchases and reduced the cost of these purchases by trading-in four older vehicles. Expenditures were made on the capital project of \$8,344,393. The District also purchased \$17,357 of equipment and made building improvements of \$163,229.

**Long-Term Debt**

	Governmental Activities and Total School District			
	2018	2017	\$ Change	% Change
General Obligation Bonds	\$ 24,045,000	\$ 5,865,000	\$ 18,180,000	310.0%
Other Post-employment Benefits	86,087,366	41,977,076*	44,110,290	105.1%
Compensated Absences	89,175	60,999	28,176	46.2%
Pension Liabilities	<u>346,581</u>	<u>1,561,986</u>	<u>(1,215,405)</u>	<u>(77.8%)</u>
Total	<u>\$ 110,568,122</u>	<u>\$49,465,061</u>	<u>\$ 61,103,061</u>	<u>123.5%</u>

\* Before restatement for GASB No. 75 of \$44,090,290, restated 2017 OPEB liability is \$86,067,366.

**General Obligation Bonds:** The District paid \$760,000 in scheduled principal payments on the Serial Bonds and issued 2018 Serial Bonds in the amount of \$18,940,000.

**Other Post-employment Healthcare Benefits:** The District implemented GASB Statement No. 75 which required a restatement, decreasing beginning net position by \$44,090,290 and increasing the liability to \$86,067,366. **Pension Liabilities:** The District recorded its proportionate share of the pension liability \$346,581 in accordance with the GASB 68 standard implemented in 2014-2015.

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

**General Fund Budgetary Highlights**

Gouverneur Central School District's General Fund had \$33,451,003 in incoming monies and \$32,416,585 in monies going out, including transfers. The General Fund's balance increased \$1,034,418. For the 2017-18 fiscal year, we were able to limit the levy increase to 2.0%, which was within the tax cap limit.

The 2017-18 comparison of final budget to actual expenditures and year-end encumbrances highlights a few areas in the District's budget with large variances. These areas are Central Services; Teaching – Regular School; Programs for Students with Disabilities; Pupil Transportation; and Employee Benefits.

The Central Services area includes the utilities; repairs; maintenance contracts; supplies and custodial and maintenance staff for the District. The region experienced a very mild winter which reduced the District's natural gas costs. Electricity continue to be at a low cost to the District. In addition to the low electricity prices, the District tries to reduce its electricity usage where it can.

The major excesses in Teaching-Regular School is generated from instructional salaries and BOCES services. Instructional salaries are budgeted in General Fund but if grant funding is sufficient, some salaries are then charged to a grant. BOCES services are estimated during the budget process. An amount is built into the budget for needs not identified at budget time. These funds are then utilized when and if the need arises.

The Program for Students with Disabilities is highly dependent upon the students which can change daily. Staffing and service needs are highly volatile. Families and students move in and out of the district throughout the school year. The District must be fiscally prepared to provide the services in-house or contract with BOCES or another district if need be. This year we were able to meet all of the students' needs.

Pupil Transportation consists of purchases of buses; purchase of supplies including diesel fuel at NYS Contract price which is a variable price; utilities and insurance on the bus garage; and costs of our transportation contracts. The actual price per gallon paid for diesel fuel was much lower than the anticipated price per gallon resulting in a significant surplus in addition to the number of gallons purchased.

The variance in Employee Benefits is affected by two factors. The factors are benefits allocated to grants and the Cafeteria Fund which are unknown at the time of budget development and the amount of current and retirees' contributions towards the benefits.

**Current Financial Issues and Concerns**

The financial and economic condition of the School District could be affected by a variety of factors, some of which are beyond the School District's control. There can be no assurance that adverse events in the townships, state and in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code, Tax Certioraris or otherwise, will not occur which might adversely affect the School District.

The School District is heavily dependent on financial assistance from the State and Federal Governments and the local property tax. These issues require management to plan carefully and prudently to provide the resources to meet student needs of the next several years.

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

In conclusion, the Gouverneur Central School District has committed itself to financial stability for many years. The School District plans to continue its sound fiscal management to meet the challenges of the future.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Manager, Gouverneur Central School District, 133 East Barney Street, Gouverneur, New York, 13642, or call 315-287-4836.

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Total Governmental Funds
<b>ASSETS</b>	
Unrestricted Cash	\$ 6,979,936
Restricted Cash	7,025,067
Due from Fiduciary Funds	2
Due from Other Governments	1,265,134
Due from State and Federal	988,883
Other Receivables	109,948
Prepaid Expenditures	19,654
Inventories	26,692
Capital Assets, Net	40,784,462
Net Pension Asset-Proportionate Share	456,390
<b>Total Assets</b>	<b>57,656,168</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	7,276,918
Other Post Employment Benefits Related (GASB 75)	2,135,994
<b>Total Deferred Outflows of Resources</b>	<b>9,412,912</b>
<b>LIABILITIES</b>	
Accounts Payable	608,941
Accrued Liabilities	22,874
Retainage	615,911
Due to Fiduciary Funds	3,139
Due to Other Governments	4,129
Due to Teachers' Retirement System	1,028,145
Due to Employees' Retirement System	131,832
Bond Anticipation Notes Payable	-
Other Liabilities	2,825,257
Long-term Liabilities	
Due and Payable Within One Year	
Bonds Payable and Other Debt	1,645,000
Due and Payable After One Year	
Compensated Absences Payable	89,175
Bonds Payable and Other Debt	22,400,000
Other Postemployment Benefits	86,087,366
Net Pension Pension Liability - Proportionate Share	346,581
<b>Total Liabilities</b>	<b>115,808,350</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related	2,464,800
Other Post Employment Benefits Related (GASB 75)	10,551,395
<b>Total Deferred Inflows of Resources</b>	<b>13,016,195</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	16,739,462
Restricted	7,035,642
Unrestricted	(85,530,569)
<b>Total Net Position</b>	<b>\$ (61,755,465)</b>

The accompanying notes are an integral part of these financial statements.

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

	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants</u>	<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
<b>FUNCTIONS/PROGRAMS</b>				
General Support	\$ 8,119,060	\$ -	\$ -	\$ (8,119,060)
Instruction	30,364,011	123,375	1,579,600	(28,661,036)
Pupil Transportation	2,468,644	-	-	(2,468,644)
Community Services	-	-	-	-
Debt Service Expense	414,025	-	-	(414,025)
School Lunch Program, Excluding Benefits	889,433	145,891	559,412	(184,130)
<b>Total Functions and Programs</b>	<u><u>\$42,255,173</u></u>	<u><u>\$ 269,266</u></u>	<u><u>\$ 2,139,012</u></u>	<u><u>(39,846,895)</u></u>
<b>GENERAL REVENUES</b>				
Real Property Taxes				4,852,523
Other Tax Items				1,086,123
Interest Income				163,660
Use of Money and Property				16,825
Sale of Property & Compensation for Loss				(36,763)
Miscellaneous				860,980
State Sources				26,793,672
Federal Sources				<u>1,117</u>
<b>Total General Revenues and Special Items</b>				<u>33,738,137</u>
<b>Changes in Net Position</b>				<u>(6,108,758)</u>
<b>Net Position - Beginning of Year</b>				(11,556,417)
<b>Restatement - Change in Accounting (Note 18)</b>				<u>(44,090,290)</u>
<b>Net Position - Beginning of Year as Restated</b>				<u>(55,646,707)</u>
<b>Net Position - End of year</b>				<u><u>\$(61,755,465)</u></u>

The accompanying notes are an integral part of these financial statements.



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

	Governmental Fund Types						Total Governmental Funds
	General	Special Aid	School Food Service	Debt Service	Capital	Other Non-major	
<b>ASSETS</b>							
Unrestricted Cash	\$ 4,454,900	\$ 162,073	\$ 255,942	\$ 979,885	\$ 1,106,561	\$ 20,575	\$ 6,979,936
Restricted Cash	7,025,067	-	-	-	-	-	7,025,067
Due from Other Funds	382,711	60,359	795	1,383	100,000	-	545,248
Due from Fiduciary Funds	2	-	-	-	-	-	2
Due from Other Governments	1,265,134	-	-	-	-	-	1,265,134
Due from State and Federal	896,326	92,557	-	-	-	-	988,883
Other Receivables	53,748	50,360	5,840	-	-	-	109,948
Prepaid Expenditures	19,654	-	-	-	-	-	19,654
Inventories	-	-	26,692	-	-	-	26,692
<b>Total Assets</b>	<u>14,097,542</u>	<u>365,349</u>	<u>289,269</u>	<u>981,268</u>	<u>1,206,561</u>	<u>20,575</u>	<u>16,960,564</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Outflows of Resources	-	-	-	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCE</b>							
Accounts Payable	403,491	3,390	499	-	201,561	-	608,941
Accrued Liabilities	14,303	8,571	-	-	-	-	22,874
Due to Other Funds	161,154	352,118	10,948	-	21,028	-	545,248
Due to Fiduciary Funds	3,139	-	-	-	-	-	3,139
Due to Other Governments	3,852	-	277	-	-	-	4,129
Due to Teachers' Retirement System	1,028,145	-	-	-	-	-	1,028,145
Due to Employees' Retirement System	131,832	-	-	-	-	-	131,832
Bond Anticipation Notes Payable	-	-	-	-	-	-	-
Other Liabilities	64,899	1,270	4,084	-	-	-	70,253
<b>Total Liabilities</b>	<u>1,810,815</u>	<u>365,349</u>	<u>15,808</u>	<u>-</u>	<u>222,589</u>	<u>-</u>	<u>2,414,561</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Inflows of Resources	-	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:							
Non-spendable	19,654	-	26,692	-	-	5,000	51,346
Restricted	7,025,067	-	-	-	-	10,575	7,035,642
Committed	-	-	-	-	-	-	-
Assigned	2,810,019	15,074	246,769	981,268	983,972	5,000	5,042,102
Unassigned	2,431,987	(15,074)	-	-	-	-	2,416,913
<b>Total Fund Balance</b>	<u>12,286,727</u>	<u>-</u>	<u>273,461</u>	<u>981,268</u>	<u>983,972</u>	<u>20,575</u>	<u>14,546,003</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<u>\$ 14,097,542</u>	<u>\$ 365,349</u>	<u>\$ 289,269</u>	<u>\$ 981,268</u>	<u>\$ 1,206,561</u>	<u>\$ 20,575</u>	<u>\$ 16,960,564</u>

The accompanying notes are an integral part of these financial statements.

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

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Unrestricted Cash	\$ 6,979,936	\$ -	\$ -	\$ 6,979,936
Restricted Cash	7,025,067	-	-	7,025,067
Due from Other Funds	545,248	-	(545,248)	-
Due from Fiduciary Funds	2	-	-	2
Due from Other Governments	1,265,134	-	-	1,265,134
Due from State and Federal	988,883	-	-	988,883
Other Receivables	109,948	-	-	109,948
Prepaid Expenditures	19,654	-	-	19,654
Inventories	26,692	-	-	26,692
Assets Held for Sale	-	-	-	-
Capital Assets, Net	-	40,784,462	-	40,784,462
Net Pension Asset-Proportionate Share	-	456,390	-	456,390
<b>Total Assets</b>	<b>16,960,564</b>	<b>41,240,852</b>	<b>(545,248)</b>	<b>57,656,168</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related	-	7,276,918	-	7,276,918
Other Post Employment Benefits Related (GASB 75)	-	2,135,994	-	2,135,994
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>9,412,912</b>	<b>-</b>	<b>9,412,912</b>
<b>LIABILITIES</b>				
Accounts Payable	608,941	-	-	608,941
Accrued Liabilities	22,874	-	-	22,874
Retainage	-	615,911	-	615,911
Due to Other Funds	545,248	-	(545,248)	-
Due to Fiduciary Funds	3,139	-	-	3,139
Due to Other Governments	4,129	-	-	4,129
Due to Teachers' Retirement System	1,028,145	-	-	1,028,145
Due to Employees' Retirement System	131,832	-	-	131,832
Bond Anticipation Notes Payable	-	-	-	-
Other Liabilities	70,253	2,755,004	-	2,825,257
Bonds Payable Due Within One Year	-	1,645,000	-	1,645,000
Compensated Absences Payable Due After One Year	-	89,175	-	89,175
Bonds Payable Due After One Year	-	22,400,000	-	22,400,000
Other Postemployment Benefits	-	86,087,366	-	86,087,366
Net Pension Pension Liability - Proportionate Share	-	346,581	-	346,581
<b>Total Liabilities</b>	<b>2,414,561</b>	<b>113,939,037</b>	<b>(545,248)</b>	<b>115,808,350</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Related	-	2,464,800	-	2,464,800
Other Post Employment Benefits Related (GASB 75)	-	10,551,395	-	10,551,395
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>13,016,195</b>	<b>-</b>	<b>13,016,195</b>
<b>FUND BALANCE/NET POSITION</b>				
Total Fund Balance/Net Position	14,546,003	(76,301,468)	-	(61,755,465)
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position</b>	<b>\$ 16,960,564</b>	<b>\$ 50,653,764</b>	<b>\$ (545,248)</b>	<b>\$ 67,069,080</b>

The accompanying notes are an integral part of these financial statements.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Fund Types						Total Governmental Funds
	General	Special Aid	School Food Service	Debt Service	Capital	Other Non-major	
<b>REVENUES</b>							
Real Property Taxes	\$ 4,852,523	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,852,523
Other Tax Items	1,086,123	-	-	-	-	-	1,086,123
Charges for Services	123,375	-	-	-	-	-	123,375
Use of Money and Property	147,153	-	2,424	34,722	-	857	185,156
Sale of Property and Compensation for Loss	12,252	-	-	-	-	-	12,252
Miscellaneous	434,788	425,263	929	-	-	-	860,980
State Sources	26,793,672	406,560	16,189	-	-	-	27,216,421
Federal Sources	1,117	1,173,040	521,183	-	-	-	1,695,340
Surplus Food	-	-	22,040	-	-	-	22,040
Sales	-	-	145,891	-	-	-	145,891
<b>Total Revenues</b>	<u>33,451,003</u>	<u>2,004,863</u>	<u>708,656</u>	<u>34,722</u>	<u>-</u>	<u>857</u>	<u>36,200,101</u>
<b>EXPENDITURES</b>							
General Support	4,437,767	-	-	-	-	-	4,437,767
Instruction	15,148,818	1,615,282	-	-	-	-	16,764,100
Pupil Transportation	2,521,400	29,370	-	-	-	-	2,550,770
Community Services	-	-	-	-	-	-	-
Employee Benefits	7,573,695	406,628	131,732	-	-	-	8,112,055
Debt Service	2,587,694	-	-	-	-	-	2,587,694
Cost of Sales	-	-	580,319	-	-	-	580,319
Capital Outlay	-	-	-	-	8,720,930	-	8,720,930
<b>Total Expenditures</b>	<u>32,269,374</u>	<u>2,051,280</u>	<u>712,051</u>	<u>-</u>	<u>8,720,930</u>	<u>-</u>	<u>43,753,635</u>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<u>1,181,629</u>	<u>(46,417)</u>	<u>(3,395)</u>	<u>34,722</u>	<u>(8,720,930)</u>	<u>857</u>	<u>(7,553,534)</u>
<b>OTHER FINANCING SOURCES AND USES</b>							
Demand Bonds	-	-	-	-	22,885,000	-	22,885,000
Operating Transfers In	-	46,417	794	-	100,000	-	147,211
Operating Transfers (Out)	(147,211)	-	-	-	-	-	(147,211)
<b>Total Other Sources (Uses)</b>	<u>(147,211)</u>	<u>46,417</u>	<u>794</u>	<u>-</u>	<u>22,985,000</u>	<u>-</u>	<u>22,885,000</u>
<b>Excess (Deficit) Revenues and Other Sources Over Expenditures and Other (Uses)</b>	<u>1,034,418</u>	<u>-</u>	<u>(2,601)</u>	<u>34,722</u>	<u>14,264,070</u>	<u>857</u>	<u>15,331,466</u>
<b>Fund Balance, Beginning of Year as Previously Stated</b>	11,252,309	-	276,062	946,546	(13,280,098)	19,718	(785,463)
<b>Restatement</b>							-
<b>Fund Balance, Beginning of Year As Restated</b>	<u>11,252,309</u>	<u>-</u>	<u>276,062</u>	<u>946,546</u>	<u>(13,280,098)</u>	<u>19,718</u>	<u>(785,463)</u>
<b>Fund Balance, End of Year</b>	<u>\$ 12,286,727</u>	<u>\$ -</u>	<u>\$ 273,461</u>	<u>\$ 981,268</u>	<u>\$ 983,972</u>	<u>\$ 20,575</u>	<u>\$ 14,546,003</u>

The accompanying notes are an integral part of these financial statements.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Total Governmental Funds	Capital Related Items	Long-term Revenue, Expenses	Long-term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
<b>REVENUES</b>						
Real Property Taxes	\$ 4,852,523	\$ -	\$ -	\$ -	\$ -	\$ 4,852,523
Other Tax Items	1,086,123	-	-	-	-	1,086,123
Charges for Services	123,375	-	-	-	-	123,375
Use of Money and Property	185,156	-	(4,671)	-	-	180,485
Sale of Property and Compensation for Loss	12,252	(49,015)	-	-	-	(36,763)
Miscellaneous	860,980	-	-	-	-	860,980
State Sources	27,216,421	-	-	-	-	27,216,421
Federal Sources	1,695,340	-	-	-	-	1,695,340
Surplus Food	22,040	-	-	-	-	22,040
Sales	145,891	-	-	-	-	145,891
<b>Total Revenues and Special Items</b>	<u>36,200,101</u>	<u>(49,015)</u>	<u>(4,671)</u>	<u>-</u>	<u>-</u>	<u>36,146,415</u>
<b>EXPENDITURES</b>						
General Support	4,437,767	177,972	-	-	3,503,321	8,119,060
Instruction	16,764,100	745,754	-	-	12,854,157	30,364,011
Pupil Transportation	2,550,770	(117,821)	-	-	35,695	2,468,644
Community Services	-	-	-	-	-	-
Employee Benefits	8,112,055	-	8,581,023	-	(16,693,078)	-
Debt Service	2,587,694	-	-	(2,173,669)	-	414,025
Cost of Sales	580,319	9,209	-	-	299,905	889,433
Capital Outlay	8,720,930	(8,720,930)	-	-	-	-
<b>Total Expenditures</b>	<u>43,753,635</u>	<u>(7,905,816)</u>	<u>8,581,023</u>	<u>(2,173,669)</u>	<u>-</u>	<u>42,255,173</u>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<u>(7,553,534)</u>	<u>7,856,801</u>	<u>(8,585,694)</u>	<u>2,173,669</u>	<u>-</u>	<u>(6,108,758)</u>
<b>OTHER FINANCING SOURCES AND USES</b>						
Proceeds (Uses) from Debt	22,885,000	-	-	(22,885,000)	-	-
Operating Transfers In (Out)	-	-	-	-	-	-
<b>Total Other Sources (Uses)</b>	<u>22,885,000</u>	<u>-</u>	<u>-</u>	<u>(22,885,000)</u>	<u>-</u>	<u>-</u>
<b>Net Change for the Year</b>	<u>\$ 15,331,466</u>	<u>\$ 7,856,801</u>	<u>\$ (8,585,694)</u>	<u>\$ (20,711,331)</u>	<u>\$ -</u>	<u>\$ (6,108,758)</u>

The accompanying notes are an integral part of these financial statements.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

Amounts reported for governmental activities in the statement of net position are different

Net Change in Fund Balances - Total Governmental Funds \$ 15,331,466

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period, net of related losses on disposal of capital assets

Capital Outlays - Net	8,419,167
Depreciation Expense	(1,254,417)
Additions to Vehicles and Equipment	741,066

In the Statement of Activities, the gain/loss on the disposal of assets is reported as an increase/decrease in the financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets disposed. (49,015)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period. 760,000

Proceeds of long-term debt is recorded as an other financing source for governmental funds, but it is not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received in the current year. (18,940,000)

Proceeds from bond premiums are reported in governmental funds as revenues, however in the Statement of Activities, the unearned revenue is allocated over the life of the bonds as a reduction of interest expense. This is the amount that the current year premiums received exceeds the amortization in the period. (2,526,359)

(Increases) decreases in accrued interest on bonds payable less related bond premium recognized in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. (9,643)

(Increases) decreases in accrued compensated absences reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. (28,176)

On the Statement of Activities, the actual and projected long term expenditures for post employment benefits are reported, whereas, on the governmental funds only the actual expenditures are recorded for post employment benefits. (8,435,401)

(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 expenditures in the governmental funds

Teachers' Retirement System	(120,176)
Employees' Retirement System	2,730

Change in net position of governmental activities \$ (6,108,758)

The accompanying notes are an integral part of these financial statements.



**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	Private Purpose Trusts	Agency
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash	\$ -	\$ 72,852
Due from Other Funds	<u>-</u>	<u>3,139</u>
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ 75,991</u></u>
 <b>LIABILITIES</b>		
Due to Governmental Funds	\$ -	\$ 2
Extraclassroom Activity Balances	-	66,294
Other Liabilities	<u>-</u>	<u>9,695</u>
Total Liabilities	<u>-</u>	<u>75,991</u>
 <b>NET POSITION</b>		
Unrestricted	-	-
Restricted for Other Purposes	<u>-</u>	<u>-</u>
Total Net Position	<u>-</u>	<u>-</u>
 Total Liabilities and Net Position	<u><u>\$ -</u></u>	<u><u>\$ 75,991</u></u>

The accompanying notes are an integral part of these financial statements.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Private Purpose Trusts
	<u>                    </u>
<b>ADDITIONS</b>	
Contributions	\$ -
Investment Interest Earnings	<u>-</u>
<b>Total Additions</b>	<u>-</u>
<b>DEDUCTIONS</b>	
Scholarships and Awards	<u>-</u>
<b>Total Deductions</b>	<u>-</u>
<b>Change in Net Position</b>	-
<b>Net Position - Beginning of year</b>	<u>-</u>
<b>Net Position - End of Year</b>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

**BASIS OF PRESENTATION**

**District-wide Statements**

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

- **General Fund** - this is the District’s primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- **Special Revenue Funds** - these funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, child nutrition operations, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.
- **Capital Projects Funds** - these funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.
- **Debt Service Fund** - this fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**BASIS OF PRESENTATION (continued)**

The District reports the following fiduciary funds:

- **Fiduciary Funds** - funds used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used.
  - **Private purpose trust funds:** These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
  - **Agency funds:** These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll and employee withholding.

**REPORTING ENTITY**

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

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

The accompanying financial statements present the activities of the District and other organizational entities determined to be includable in the District's financial reporting entity. The decision to include another organizational entity in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on application of these criteria, a brief description of extraclassroom activity funds included in the District's reporting entity follows.

**Extraclassroom Activity Funds**

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

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**JOINT VENTURE**

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

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

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

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

**CASH AND INVESTMENTS**

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



**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**CASH AND INVESTMENTS (continued)**

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

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

Investments are stated at fair value.

**PROPERTY TAXES**

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

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

**ACCOUNTS RECEIVABLE**

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

**INVENTORIES AND PREPAID ITEMS**

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

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

**INTERFUND TRANSACTIONS**

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

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**INTERFUND TRANSACTIONS (continued)**

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

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

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

**CAPITAL ASSETS**

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 1980. For assets acquired prior to June 30, 1980, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	straight-line	30 years
Building improvements	\$ 5,000	straight-line	10-15 years
Furniture and equipment	\$ 5,000	straight-line	5-10 years
Vehicles	\$ 5,000	straight-line	5-10 years

**VESTED EMPLOYEE BENEFITS**

**Compensated Absences**

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

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

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

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end. In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**VESTED EMPLOYEE BENEFITS (continued)**

**Other Benefits**

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

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

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 10 and Note 18 for additional information.

**BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING**

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

- General Fund

The voters of the District approved the proposed appropriation budget for the General Fund. Appropriations are adopted at the program line item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. There were supplemental appropriations of \$18,984 for gifts and donations, revenue from hosting a Tech Summit and a mini grant from the Village of Gouverneur. There were no budget reductions for the year ending June 30, 2018.

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

There is no budget and actual comparison for the Special Aid Fund because there is not a legally authorized (appropriated) budget.

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

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

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

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

**UNEARNED REVENUES**

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

**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 School District reports a deferred charge on refunding reported in the district-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. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows related to pensions and OPEB plans reported in the district-wide Statement of Net Position. The types of deferred outflows related to pensions and OPEB plans are described in Note 1 and 10, respectively.

In addition to the 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 School District can have deferred inflows that arise only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available. In the current year, no amounts are recognized as deferred inflows in the governmental funds relating to property taxes.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred Outflows and Inflows of Resources (continued)**

The School District can have deferred inflows related to pensions and OPEB plans reported in the district-wide Statement of Net Position. The types of deferred inflows related to pensions and OPEB plans which are further described in Note 1 and 10, respectively.

**PENSION OBLIGATIONS**

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS) (the Systems).

**PLAN DESCRIPTIONS AND BENEFITS PROVIDED**

**Teachers' Retirement Systems (TRS)**

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS.

Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

**Employees' Retirement Systems (ERS)**

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

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**PLAN DESCRIPTIONS AND BENEFITS PROVIDED (continued)**

**Employees' Retirement Systems (ERS) (continued)**

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.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2017-2018	\$ 1,215,604	\$ 458,654
2016-2017	\$ 1,304,160	\$ 445,875
2015-2016	\$ 1,645,624	\$ 460,839

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

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	31-Mar-18	30-Jun-17
Net pension asset/(liability)	\$ (346,581)	\$ 456,390
District's portion of the Plan's total net pension asset/(liability)	0.0107385%	0.060044%
Change in proportion since the prior Measurement date	0.000896%	0.000554%

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**  
**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)**

For the year ended June 30, 2018, the District recognized pension expense of \$466,742 for ERS and the actuarial value of \$1,133,262 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 123,614	\$ 375,497	\$ 102,150	\$ 177,941
Changes of assumptions	\$ 229,812	\$ 4,643,861	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 503,381	\$ -	\$ 993,623	\$ 1,074,931
Changes in proportion and differences between the District's contributions and proportionate share of contributions	\$ 153,796	\$ -	\$ 14,636	\$ 101,519
District's contributions subsequent to the measurement date	<u>\$ 131,832</u>	<u>\$ 1,115,125</u>	<u>\$ -</u>	<u>\$ -</u>
Total	\$ 1,142,435	\$ 6,134,483	\$ 1,110,409	\$ 1,354,391

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Fiscal year ended June 30,		
2019	\$ 121,936	\$ 91,457
2020	104,543	1,214,466
2021	(226,888)	865,065
2022	(99,397)	204,109
2023	-	862,507
Thereafter	-	427,363

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**  
**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED**  
**INFLOWS OF RESOURCES RELATED TO PENSIONS (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 the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2018	June 30, 2017
Actuarial Valuation Date	April 1, 2017	June 30, 2016
Investment Rate of Return	7.0%	7.25%
Salary Scale	3.8%, indexed by Service	1.90% - 4.72%
Projected COLAs	1.3%	1.5%
Decrement Tables	April 1, 2010-March 31, 2015 System's Experience	July 1, 2009-June 30, 2014 System's Experience
Inflation Rate	2.5%	2.5%

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

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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



**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**  
**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED**  
**INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)**

Measurement Date	ERS March 31, 2018	Long-Term Expected Real Rate of Return
<u>Asset Type</u>	<u>Target Allocation</u>	<u>of Return</u>
Domestic Equity	36%	4.55%
International Equity	14	6.35
Private Equity	10	7.50
Real Estate	10	5.55
Absolute Return Strategies	2	3.75
Opportunistic Portfolio	3	5.68
Real Asset	3	5.29
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	<u>4</u>	1.25
	100%	
Measurement Date	TRS June 30, 2017	Long-Term Expected Real Rate of Return*
<u>Asset Type</u>	<u>Target Allocation</u>	<u>of Return*</u>
Equities:		
Domestic Equity	35%	5.9%
International Equity	18	7.4
Real Estate	11	4.3
Alternative Investments	<u>8</u>	9.0
Total Equities	72	
Fixed Income:		
Domestic Fixed Income Securities	16	1.6
Global Fixed Income Securities	2	1.3
High-Yield Fixed Income Securities	1	3.9
Mortgages	8	2.8
Short Term	<u>1</u>	0.6
Total Fixed Income	<u>28</u>	
Total	<u>100%</u>	

\*Real rates of return are net of a long-term inflation assumption of 2.2% for 2017.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**  
**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)**

**DISCOUNT RATE**

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

**SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION**

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

	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
<b>ERS</b>			
Employer's proportionate share of the net pension (liability) asset	\$(2,622,322)	\$ (346,581)	\$ 1,578,606
	1% Decrease <u>(6.25%)</u>	Current Assumption <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
<b>TRS</b>			
Employer's proportionate share of the net pension (liability) asset	\$(7,862,255)	\$ 456,390	\$ 7,422,843

**PENSION PLAN FIDUCIARY NET POSITION**

The components of the collective net pension liability of ERS as of March 31, 2018 measurement date were as follows:

Total pension liability	\$ 183,400,590,000
ERS fiduciary net position	<u>(180,173,145,000)</u>
Employers' net pension liability	<u>\$ 3,227,445,000</u>
ERS fiduciary net position as a Percentage of total pension liability	<u>98.24%</u>

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**PENSION PLAN FIDUCIARY NET POSITION (continued)**

The components of the collective net pension liability of TRS as of June 30, 2017 measurement date were as follows:

Total pension liability	\$ 114,708,261,032
ERS fiduciary net position	<u>(115,468,360,316)</u>
Employers' net pension liability (asset)	<u>\$ (760,099,284)</u>
ERS fiduciary net position as a Percentage of total pension liability	<u>100.66%</u>

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

	ERS	TRS	Total
Measurement Date	March 31, 2018	June 30, 2017	
Employers' total pension liability	\$ 19,694,474	\$ 68,875,430	\$ 88,569,904
Plan Net Position	<u>(19,347,893)</u>	<u>(69,331,820)</u>	<u>(88,679,713)</u>
Employers' net pension (asset)/liability	\$ 346,581	\$ (456,390)	\$ (109,809)
Ration of plan net position to the Employers' total net pension asset/(liability)	98.24%	100.66%	100.12%

**PAYABLES TO THE PENSION PLAN**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2018 represent the projected employer contributions for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$131,832.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October, and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to \$1,028,145.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**RESTRICTED RESOURCES**

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

**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 the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**  
**EQUITY CLASSIFICATIONS (continued)**

**Funds Statements**

Below is the breakdown of fund balances for the fund basis statements:

	General Fund	Special Aid Fund	School Food Service Fund	Debt Service Fund	Capital Fund	Non-major Funds	Total
<b>Non-spendable:</b>							
Inventory	\$ -	\$ -	\$ 26,692	\$ -	\$ -	\$ -	\$ 26,692
Deposit	19,654	-	-	-	-	-	19,654
Cash	-	-	-	-	-	5,000	5,000
<b>Restricted:</b>							
Debt Service Reserve	183,238	-	-	-	-	-	183,238
Employee Benefits Accrued Liability	162,395	-	-	-	-	-	162,395
Insurance	74,488	-	-	-	-	-	74,488
Property Loss	134,586	-	-	-	-	-	134,586
Liability Claims	485,804	-	-	-	-	-	485,804
Retirement Contribution	2,625,136	-	-	-	-	-	2,625,136
Tax Certiorari	120,356	-	-	-	-	-	120,356
Unemployment Insurance	77,807	-	-	-	-	-	77,807
Workers' Compensation	896,811	-	-	-	-	-	896,811
Capital Reserve	2,264,446	-	-	-	-	-	2,264,446
Other Restricted	-	-	-	-	-	15,575	15,575
<b>Assigned:</b>							
School Lunch	-	-	21,004	-	-	-	21,004
Special Aid Fund	-	15,074	-	-	-	-	15,074
Central Administration	-	-	-	-	-	-	-
Staff	27,500	-	-	-	-	-	27,500
Finance	8	-	-	-	-	-	8
Central Services	106,812	-	-	-	-	-	106,812
Instruction, Admin & Improvement	39	-	-	-	-	-	39
Teaching-Regular School	117,947	-	-	-	-	-	117,947
Programs for Students with Disabilities	33,579	-	-	-	-	-	33,579
Instructional Media	309	-	-	-	-	-	309
Pupil Services	23,825	-	-	-	-	-	23,825
Appropriated Fund Balance	2,500,000	-	225,765	981,268	983,972	-	4,691,005
<b>Unassigned:</b>	2,431,987	(15,074)	-	-	-	-	4,723,933
	<u>\$ 12,286,727</u>	<u>\$ -</u>	<u>\$ 273,461</u>	<u>\$ 981,268</u>	<u>\$ 983,972</u>	<u>\$ 20,575</u>	<u>\$ 14,546,003</u>

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**EQUITY CLASSIFICATIONS (continued)**

**Funds Statements (continued)**

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. See detail of balances in chart above.

**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:

**Capital**

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

**Debt Service**

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement.

**Employee Benefit Accrued Liability**

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

**Liability Claims and Property Loss**

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

**Insurance**

According to General Municipal Law §6-n, the Insurance Reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance).

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**EQUITY CLASSIFICATIONS (continued)**

**Funds Statements (continued)**

**Insurance (continued)**

The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

**Repairs**

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

**Retirement Contribution**

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 Education 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 which 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.

**Unemployment Insurance**

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

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**EQUITY CLASSIFICATIONS (continued)**

**Funds Statements (continued)**

**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 applied to the appropriations of the next succeeding fiscal year's budget.

**Encumbrances**

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

**Committed** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has not committed fund balances as of June 30, 2018.

**Assigned** – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted or committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund.

**Unassigned** – Includes all other General Fund amounts that do not meet definition of the above four classifications and are deemed to be available for general use by the School District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amount had been restricted or assigned. In accordance with state guidelines, unassigned fund balance in the general fund includes the following reserve:

**Reserve for Tax Reduction**

Reserve for Tax Reduction ((Education Law §1604(36) and §1709(37)) is used for the gradual use of the proceeds of the sale of District real property where such proceeds are not required to be placed in the mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. The reserve is accounted for in the general fund.



**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**EQUITY CLASSIFICATIONS (continued)**

**Funds Statements (continued)**

**Unassigned Fund Balance**

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. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school Year. Actions the District plans to pursue to address this issue include the development of a multi-year financial plan to estimate future fund balance over time and one-time expenditures to reduce fund balance.

**Order of Use of Fund Balance:**

The District's policy is to apply expenditures against non-spendable 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, non-spendable 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.

**NEW ACCOUNTING STANDARDS**

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

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

GASB has issued Statement No. 85, *Omnibus*, effective for the year ending June 30, 2018.

GASB has issued Statement No. 86, *Certain Debt Extinguishment Issues*, effective for the year ending June 30, 2018

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FUTURE ACCOUNTING STANDARDS**

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2019.

GASB has issued Statement No. 84, *Fiduciary Activities* effective for the year ending June 30, 2020. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2021.

GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for the year ending June 30, 2020. This Statement improves the information disclosed in the notes to governmental financial statements related to debt including direct borrowings and direct placements.

GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2021.

The District is currently studying the statements and plans adoption if and when required.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018  
(CONTINUED)**

**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 basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

**TOTAL OF GOVERNMENTAL FUND BALANCES VERSUS 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 Sheet.

**Long-term Assets**

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, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 61,192,504
Accumulated depreciation	<u>(20,408,042)</u>
Net Capital Assets	<u>\$ 40,784,462</u>

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)**

**TOTAL OF GOVERNMENTAL FUND BALANCES VERSUS NET POSITION OF GOVERNMENTAL ACTIVITIES (continued)**

**Other Liabilities**

Other liabilities such as retainage held in the capital construction project are reported in the Statement of Net Position but not in the governmental fund statements because they are included in carryover encumbrance. Balances at year end were:

Retainage	\$ <u>615,911</u>
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**Long-term Liabilities**

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

Bonds Payable	\$ 24,045,000
Compensated Absences	89,175
Bond Interest Payable	35,749
Unamortized Bond Premium	2,719,255
Other Post-employment Benefits	<u>86,087,366</u>
Total	<u>\$ 112,976,545</u>

**Pension**

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 system:

Pension Asset	\$ 456,390
Pension Liability	<u>(346,581)</u>
	<u>\$ 109,809</u>

**Deferred Outflows and Inflows of Resources**

In addition to assets and liabilities, the statement of Net Position will sometimes report a separate section for deferred outflows and inflows of resources. The separate financial statement element, deferred outflows of resources, represent 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 separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Outflows and Inflows of resources were:

Deferred Outflow of Resources	\$ 9,412,912
Deferred Inflows of Resources	<u>(13,016,195)</u>
	<u>\$ (3,603,283)</u>

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE VERSUS 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:

**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.

**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.

**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.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE VERSUS STATEMENT OF ACTIVITIES (continued)**

**Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities**

**Total revenues and other funding sources:**

Total revenues and other funding sources of governmental funds	\$ 36,200,101
Reconciling items:	
Less BAN premium	(4,671)
Less net loss from disposal of equipment	(49,015)
Total revenues from governmental activities - Statement of Activities	<u>\$ 36,146,415</u>

**Total expenditures and other financing:**

Total expenditures reported in governmental funds	\$ 43,753,635
Reconciling items:	
Add depreciation expense	1,254,417
Less change in interest accrual & bond premium amortized	(203,669)
Add change in compensated absences	28,176
Add change in other postemployment benefits	8,435,401
Less capital expenditures (capitalized in government-wide statement)	(9,160,233)
Add changes in retirement benefits	117,446
Less BANs redeemed from appropriations	(1,210,000)
Less payment on long-term debt	(760,000)
Total expenses of governmental activities - Statement of Activities	<u>\$ 42,255,173</u>

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 3 - CASH AND INVESTMENTS**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes. Deposits are valued at cost, or cost plus interest, and are categorized as either:

- A. Insured or collateralized with securities held by the District or by its agent in the District's name, or
- B. Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name, or
- C. Uncollateralized.

Total financial institution bank balances at year-end, per the bank, are categorized as follows:

A.	\$	250,000
B.	\$	13,901,910
C.	\$	-

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$7,025,067 within the governmental funds.

**NOTE 4 - PARTICIPATION IN BOCES**

During the year, the District was billed \$5,642,998 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$2,661,351.

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

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 5 - CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 299,027	\$ -	\$ -	\$ 299,027
Construction in Progress	<u>15,947,173</u>	<u>8,344,393</u>	<u>-</u>	<u>24,291,566</u>
Total cost non-depreciable assets	<u>16,246,200</u>	<u>8,344,393</u>	<u>-</u>	<u>24,590,593</u>
Capital assets that are depreciated:				
Buildings	29,058,970	163,229	-	29,222,199
Furniture and Equipment	2,323,774	17,357	-	2,341,131
Vehicles	<u>4,798,338</u>	<u>560,480</u>	<u>(320,237)</u>	<u>5,038,581</u>
Total cost depreciable assets	<u>36,181,082</u>	<u>741,066</u>	<u>(320,237)</u>	<u>36,601,911</u>
Less accumulated depreciation:				
Buildings	(14,616,544)	(761,609)	-	(15,378,153)
Furniture and Equipment	(1,939,617)	(52,965)	-	(1,992,582)
Vehicles	<u>(2,868,686)</u>	<u>(439,843)</u>	<u>271,222</u>	<u>(3,037,307)</u>
Total accumulated depreciation	<u>(19,424,847)</u>	<u>(1,254,417)</u>	<u>271,222</u>	<u>(20,408,042)</u>
Net capital assets	<u>\$33,002,435</u>	<u>\$ 7,831,042</u>	<u>\$ (49,015)</u>	<u>\$40,784,462</u>
Depreciation expense was charged to				
Governmental functions as follows:				
General Support	\$ 39,438			
Instruction	763,111			
Pupil Transportation	442,659			
School Lunch	<u>9,209</u>			
	<u>\$ 1,254,417</u>			



**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 6 - SHORT-TERM DEBT**

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

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

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

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed/ Refunded</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bond Anticipation note:					
2017 Bond Anticipation note, issued 6/28/17 final maturity 6/28/18, at 2.25%	\$21,385,000	\$ -	\$(21,385,000)	\$ -	\$ -
	<u>\$21,385,000</u>	<u>\$ -</u>	<u>\$(21,385,000)</u>	<u>\$ -</u>	<u>\$ -</u>

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

Interest paid	\$ 481,163
Less interest accrued in the prior year	-
Plus interest accrued in the current year	-
Less bond premium recognized	<u>(213,312)</u>
Total Expense	<u>\$ 267,851</u>

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 7 - LONG-TERM OBLIGATIONS**

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

Interest paid	\$ 136,531
Less interest accrued in the prior year	(5,689)
Less bond premium recognized	(20,416)
Plus interest accrued in the current year	<u>35,749</u>
Total Expense	<u>\$ 146,174</u>

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed/ Refunded</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government activities:					
2012 Serial Bonds, final maturity 6/15/26, at 2.00%-3.25%, per year through final maturity	\$ 5,865,000	\$ -	\$ 760,000	\$ 5,105,000	\$ 775,000
2018 Serial Bonds, final maturity 6/1/23, at 5.00%, per year to maturity	<u>-</u>	<u>18,940,000</u>	<u>-</u>	<u>18,940,000</u>	<u>870,000</u>
Total Bonds Payable	<u>\$ 5,865,000</u>	<u>\$ 18,940,000</u>	<u>\$ 760,000</u>	<u>\$ 24,045,000</u>	<u>\$1,645,000</u>
Other Liabilities:					
Compensated Absences	<u>\$ 60,999</u>	<u>\$ 35,339</u>	<u>\$ 7,163</u>	<u>\$ 89,175</u>	<u>\$ -</u>
Total Long-Term Liabilities	<u>\$ 5,925,999</u>	<u>\$ 18,975,339</u>	<u>\$ 767,163</u>	<u>\$ 24,134,175</u>	<u>\$1,645,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2019	\$ 1,645,000	\$ 591,831	\$ 2,236,831
2020	1,805,000	557,581	2,362,581
2021	1,905,000	516,431	2,421,431
2022	1,960,000	471,844	2,431,844
2023	2,030,000	423,875	2,453,875
2024-2028	7,610,000	1,432,113	9,042,113
2029-2033	<u>7,090,000</u>	<u>501,375</u>	<u>7,591,375</u>
	<u>\$ 24,045,000</u>	<u>\$ 4,495,050</u>	<u>\$ 28,540,050</u>

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 8 - INTERFUND BALANCES AND ACTIVITY**

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 382,713	\$ 164,293	\$ -	\$ 147,211
Special Aid Funds	60,359	352,118	46,417	-
School Lunch Funds	795	10,948	794	-
Debt Service Funds	1,383	-	-	-
Capital Funds	100,000	21,028	100,000	-
Total governmental activities	545,250	548,387	147,211	147,211
Fiduciary Agency Fund	3,139	2	-	-
Totals	<u>\$ 548,389</u>	<u>\$ 548,389</u>	<u>\$ 147,211</u>	<u>\$ 147,211</u>

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

The District typically transfers from the General Fund to the Special Aid Fund, for the proportionate share of Summer School program costs.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

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

**NOTE 9 - PENSION PLANS**

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

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 9 - PENSION PLANS (continued)**

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at a rate determined actuarially by the Systems. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2017-2018	\$ 1,215,604	\$ 458,654
2016-2017	\$ 1,304,160	\$ 445,875
2015-2016	\$ 1,645,624	\$ 460,839

The State Legislature authorized local governments to make available retirement incentive programs with estimated total costs of \$960 of which \$960 was charged to expenditures in the Governmental Funds in the current fiscal year.

**NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

During the year ended June 30, 2018, the School District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employer and Agent Multiple-Employer Plans, for OPEB*.

**GENERAL INFORMATION ABOUT THE OPEB PLAN**

**Plan Description**

The District provides post employment coverage (health insurance, life insurance, etc.) to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the District's contractual agreements. The specifics of each contract are on file at the District offices and are available upon request. The plan is a single employer, defined benefit plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**  
**GENERAL INFORMATION ABOUT THE OPEB PLAN (continued)**

**Benefits Provided**

The health insurance plan is a single employer, defined benefit plan. Retired employees have elected to participate and contribute health insurance payments under the District's group plan - the Riders 5 & 6 Plan (referred to as the "Plan"). Participants must be eligible to retire under the New York State Retirement System (ERS or TRS) and meet the minimum requirements of age 55 with 5 years of service and work more than 15 hours per week. This plan pays for 100% of the cost of premiums of teachers, administrators and confidential employees who retire and their dependents during the life of the retiree. The Plan pays 100% for all school related employees (SRE) and their dependents during the life of the retiree who retired before November 14, 1988 and 75% for those who retire after November 14, 1988 with 10-15 years of service and 100% with at least 16 years of service; their dependents are covered for 35% of the premium for the life of the retiree.

Spousal benefits continue for the life of the spouse and surviving spouses are permitted to continue coverage after the death of the retiree, but are responsible for paying 100% of the plan premium. Medicare Part B premiums are reimbursed at 100% for Medicare-eligible retirees and dependents; surviving spouses do not receive reimbursement. Separate financial statements are not issued for the Plan.

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

Inactive employees or beneficiaries	
currently receiving benefit payments	151
Active Plan Members	<u>206</u>
Total	<u><u>357</u></u>

**Total OPEB Liability**

The District's total OPEB liability of \$86,087,366 was measured as of July 1, 2017, and was determined by an actuarial valuation as of July 1, 2016.

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

Long-Term Bond Rate:	3.60%
Single Discount Rate	3.60%
Salary Scale	3.00%
Rate of Inflation	2.20%
Marital Assumption	70.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	6.85% for 2018, decreasing to an ultimate rate of 3.84% for 2077 and later years

The long-term bond rate is based on the Bond Buyer Weekly 20-Year Bond GO Index as of the measurement date (or the nearest business day thereto).

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

Mortality rates were based on the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2015 mortality improvement scale on a fully generational basis.

Rates of turnover and retirement rates are based on the experience under the New York State Employees' Retirement System (ERS) and the New York state Teachers' Retirement System (TRS). The ERS rates are based on the April 1, 2010-March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP2014, applied on a generational basis.

Election percentage: It was assumed that 100% of future retirees eligible for coverage will elect retiree group benefits. It was assumed that participants who are currently not Medicare eligible will migrate into the Gold Anywhere PPO with MVP Part D Prescription Plan upon Medicare eligibility. Retirees already Medicare eligible and still participating in NY44 are assumed to continue in NY44.

Spousal Coverage: It was assumed that 70% of future retirees will elect spousal coverage upon retirement.

The annual rate of increase in healthcare costs developed based on a review of published National trend survey data in relation to the retiree health plan offerings and updated long-term rates based on the Society of Actuaries Long Term Healthcare Cost Trend Models v2018\_c (the Getzen model).

The actuarial assumptions used in the June 30, 2017 valuation were consistent with the requirements of GASB Statement No. 75 and the Actuarial Standards of Practice (ASOPs)

**CHANGES IN THE TOTAL OPEB LIABILITY FOR THE PERIOD ENDING JUNE 30, 2018**

	<u>Total OPEB Liability</u>
Balance at Beginning of Year	\$ 94,728,157
<b>Changes for the year:</b>	
Service cost	3,200,562
Interest cost	2,761,762
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(12,553,557)
Benefit payments	<u>(2,049,558)</u>
Net change in Total OPEB Liability	<u>(8,640,791)</u>
Balance at End of Year	<u><u>\$ 86,087,366</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% on July 1, 2016 to 3.6% on July 1, 2017.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

Sensitivity of the total OPEB liability to changes in the discount rate- The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.60%) or 1-percentage point higher (4.60%) than the current discount rate:

	1% Decrease <u>(2.60%)</u>	Discount Rate <u>(3.60%)</u>	1% Increase <u>(4.60%)</u>
Total OPEB liability	\$103,385,407	\$86,087,366	\$72,585,377

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the total OPEB liability of the School District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB liability	\$70,782,891	\$86,087,366	\$106,349,451

**OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB**

For the year ended June 30, 2018, the District recognized OPEB expense of \$3,960,162.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions or other inputs		(10,551,395)
Contributions subsequent to measurement date	<u>2,135,994</u>	<u>-</u>
Total	<u>\$ 2,135,994</u>	<u>\$ (10,551,395)</u>

	<u>Amount</u>
Fiscal year ended June 30,	
2019	\$ 133,832
2020	(2,002,162)
2021	(2,002,162)
2022	(2,002,162)
2023 and Thereafter	(2,542,747)

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 11 - RISK MANAGEMENT**

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

For its employee health and dental insurance coverage the Gouverneur Central School District is a participant in the St. Lawrence-Lewis Counties School District Employee Medical Plan, a public entity risk pool operated for the benefit of 18 individual governmental units located within the St. Lawrence and Lewis County areas. The School District pays an annual premium to the Plan for this employee health and dental insurance coverage. The St. Lawrence-Lewis County School Employee Medical Benefits Plan is considered a self-sustaining risk pool that will provide coverage for its members up to \$2,000,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$2,000,000 limit, and the District has essentially transferred all related risk to the pool.

The Gouverneur Central School District participates in a risk sharing pool, Risk Retention, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims.

**NOTE 12 - FUND BALANCES**

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the Governmental Funds Balance Sheet.

**NOTE 13 - DONOR-RESTRICTED ENDOWMENTS**

The District administers an endowment fund, which is restricted by the donor. Donor-restricted endowments are reported at fair value. The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

**Grants**

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

**Retirement Incentive**

The District does not accrue a liability for its retirement incentive because it is based on an uncontrollable future event. In accordance with the provisions of GASB #16, the value for the retirement incentive is considered a contingent liability. The District values this contingency at \$125,048.

**Construction Contracts**

The District has remaining commitments to various contractors for the current capital construction project totaling \$1,342,364 at June 30, 2018



**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
**(CONTINUED)**

**NOTE 15 - USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported 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.

**NOTE 16 - TAX ABATEMENTS**

The County of St. Lawrence, enters into various property tax abatement programs for the purpose of economic development. The Industrial Development Agency (the Agency), created by Chapter 565 of the Laws of 1970 of the State of New York pursuant to Title I of Article 18-A of General Municipal Law of the State of New York (collectively “the Act”), has one real property tax abatement agreements with an entity in the District under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act for the purpose of economic development in the District. Generally, these agreements provide for an abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements noted in said individual agreements, the PILOT will discontinue as outlined in each agreement. Additionally, the Town of Fowler has entered into a residential PILOT with an entity. As a result of these tax abatement agreements, for the year ended June 30, 2018, the District’s property tax revenues were reduced by \$35,662. The District received payment in Lieu of Tax (PILOT) payments totaling \$7,577.

**NOTE 17 - SUBSEQUENT EVENTS**

The District has evaluated events and transactions that occurred between June 30, 2018 and October 1, 2018, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**NOTE 18 - RESTATEMENT OF NET POSITION**

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The implementation of Statement No. 75 resulted in the restatement of the prior other postemployment benefits liability on the statement of net position by removing the net OPEB obligation balance determined in accordance with Statement No. 45 and replacing with the net OPEB liability at the beginning of the initial period of implementation determined as of the measurement date that would have been applied in the prior fiscal year if Statement No. 75 had been in effect. The liability increased and net position decreased by \$44,090,000 at July 1, 2017.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET  
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 34,927,600
Add: Prior Year's Encumbrances	<u>240,809</u>
Original Budget	35,168,409
Add: Increases in Appropriations	<u>18,984</u>
Final Budget	<u><u>\$ 35,187,393</u></u>

Next year's budget is a voter-approved budget of: \$ 36,676,839

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

2018-2019 Voter-approved Expenditure Budget	
Maximum Allowed 4% of 2018-2019 Budget	\$ 36,676,839

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

Unrestricted Fund Balance:	
Committed Fund Balance	-
Assigned Fund Balance	2,810,019
Unassigned Fund Balance	<u>2,431,987</u>
Total Unrestricted Fund Balance	<u><u>\$ 5,242,006</u></u>

Less:	
Appropriated Fund Balance	2,500,000
Insurance Recovery Reserve	-
Tax Reduction Reserve	-
Encumbrances Included in Committed and Assigned Fund Balance	<u>310,019</u>
Total Adjustments	<u><u>\$ 2,810,019</u></u>

General Fund Fund Balance Subject to Section 1318	
Real Property Tax Law	<u><u>\$ 2,431,987</u></u>

Actual Percentage 6.63%

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
<b>REVENUES</b>				
Local Sources:				
Real Property Taxes	\$ 5,905,696	\$ 5,905,696	\$ 4,852,523	\$ (1,053,173)
Other Tax Items	25,000	25,000	1,086,123	1,061,123
Charge for Services	22,500	22,500	123,375	100,875
Use of Money and Property	9,500	9,500	147,153	137,653
Sale of Property and Compensation for Loss	1,000	1,000	12,252	11,252
Miscellaneous	255,000	269,483	434,788	165,305
Interfund Revenues	-	-	-	-
Total Local Sources	<u>6,218,696</u>	<u>6,233,179</u>	<u>6,656,214</u>	<u>423,035</u>
State Sources	25,364,285	25,368,785	26,793,672	1,424,887
Federal Sources	<u>-</u>	<u>-</u>	<u>1,117</u>	<u>1,117</u>
Total Revenues	31,582,981	31,601,964	33,451,003	1,849,039
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds	-	-	-	-
Appropriated Fund Balance	<u>3,344,619</u>	<u>3,585,429</u>	<u>-</u>	<u>(3,585,429)</u>
Total Revenues and Other Financing Sources	<u>\$ 34,927,600</u>	<u>\$ 35,187,393</u>	<u>\$ 33,451,003</u>	<u>\$ (1,736,390)</u>

See paragraph on supplementary schedules included in auditors' report.

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

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
General Support:					
Board of Education	\$ 28,505	\$ 28,505	\$ 25,096	\$ -	\$ 3,409
Central Administration	219,000	219,200	216,051	-	3,149
Finance	385,225	377,186	350,233	8	26,945
Staff	116,400	171,063	126,374	27,500	17,189
Central Services	3,068,569	3,267,688	2,768,058	106,812	392,818
Special Items	968,150	958,150	951,953	-	6,197
Total General Support	<u>4,785,849</u>	<u>5,021,792</u>	<u>4,437,765</u>	<u>134,320</u>	<u>449,707</u>
Instruction:					
Instruction, Administration & Improvement	1,222,754	1,209,300	1,034,157	39	175,104
Teaching - Regular School	7,196,282	7,401,560	7,117,768	117,947	165,845
Programs for Students with Disabilities	4,325,771	4,015,972	3,613,745	33,579	368,648
Occupational Education	1,215,000	1,215,000	1,203,274	-	11,726
Teaching - Special Schools	60,775	63,975	45,429	-	18,546
Instructional Media	932,373	936,355	832,237	309	103,809
Pupil Services	1,334,680	1,503,604	1,302,210	23,825	177,569
Total Instruction	<u>16,287,635</u>	<u>16,345,766</u>	<u>15,148,820</u>	<u>175,699</u>	<u>1,021,247</u>
Pupil Transportation	3,127,300	3,091,256	2,521,400	-	569,856
Community Services	6,400	6,400	-	-	6,400
Employee Benefits	8,223,416	7,934,429	7,573,695	-	360,734
Debt Service	2,297,000	2,587,750	2,587,694	-	56
Total Expenditures	<u>34,727,600</u>	<u>34,987,393</u>	<u>32,269,374</u>	<u>310,019</u>	<u>2,408,000</u>
<b>OTHER FINANCING USES</b>					
Transfers To Other Funds	<u>200,000</u>	<u>200,000</u>	<u>147,211</u>	<u>-</u>	<u>52,789</u>
Total Expenditures and Other Uses	<u>\$ 34,927,600</u>	<u>\$ 35,187,393</u>	<u>\$ 32,416,585</u>	<u>\$ 310,019</u>	<u>\$ 2,460,789</u>
Excess Revenue and Other Sources over Expenditures and Other Uses			<u>1,034,418</u>		
Fund Balance - Beginning of Year, As Previously Stated			11,252,309		
Restatement			<u>-</u>		
Fund Balance - Beginning of Year, As Restated			<u>11,252,309</u>		
Fund Balance - End of Year			<u>\$ 12,286,727</u>		

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP) BASIS AND ACTUAL-SCHOOL LUNCH FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual (Budgetary Basis)		Final Budget Variance with Budgetary Actual
<b>REVENUES</b>					
Use of Money and Property	\$ 75	\$ 75	\$ 2,424		\$ 2,349
Sale of Property and Compensation for Loss	-	-	-		-
Miscellaneous	-	-	929		929
State and Federal Sources	474,000	474,000	537,372		63,372
Surplus Food	45,800	45,800	22,040		(23,760)
Sales	172,000	172,000	145,891		(26,109)
<b>Total Revenues</b>	<u>691,875</u>	<u>691,875</u>	<u>708,656</u>		<u>16,781</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from Other Funds	-	-	794		
Appropriated Fund Balance	133,971	139,089	-		(139,089)
 Total Revenues and Other Financing Sources	<u>825,846</u>	<u>830,964</u>	<u>709,450</u>		<u>(122,308)</u>
<b>EXPENDITURES</b>					
	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual
Employee Benefits	140,317	140,317	131,732	-	8,585
Cost of Sales	685,529	690,647	580,319	5,118	105,210
<b>Total Expenditures</b>	<u>\$ 825,846</u>	<u>\$ 830,964</u>	<u>712,051</u>	<u>\$ 5,118</u>	<u>\$ 113,795</u>
 Deficit Revenue and Other Sources over Expenditures and Other Uses			(2,601)		
 Fund Balance - Beginning of Year			<u>276,062</u>		
 Fund Balance - End of Year			<u><u>\$ 273,461</u></u>		

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Proceeds of Obligations	Excel	Local Sources	Total	Fund Balance June 30, 2018
			Prior Year	Current Year	Total						
East Side Elementary	\$ 9,180,000	\$ 11,369,081	\$ 6,990,209	\$ 4,378,872	\$ 11,369,081	\$ -	\$ 10,644,081	\$ 325,000	\$ 400,000	\$ 11,369,081	\$ -
West Side Middle School	11,745,000	13,525,157	8,107,648	4,311,443	12,419,091	1,106,066	12,240,919	490,855	575,000	13,306,774	(887,683)
Senior High School	10,525,000	6,555,762	73,095	-	73,095	6,482,667	-	-	-	-	73,095
HS Asbestos #7012	100,000	100,000	100,000	-	100,000	-	-	-	100,000	100,000	-
Elementary Sewage Station #30	100,000	100,000	-	12,282	12,282	87,718	-	-	100,000	100,000	(87,718)
SBBA #7999-01	1,728,500	1,728,500	-	18,334	18,334	1,710,166	-	-	-	-	18,334
<b>Total</b>	<b>\$ 33,378,500</b>	<b>\$ 33,378,500</b>	<b>\$ 15,270,952</b>	<b>\$ 8,720,931</b>	<b>\$ 23,991,883</b>	<b>\$ 9,386,617</b>	<b>\$ 22,885,000</b>	<b>\$ 815,855</b>	<b>\$ 1,175,000</b>	<b>\$ 24,875,855</b>	<b>\$ (883,972)</b>

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY SCHEDULE OF  
COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<u>Other Non-Major</u>	<u>Total Non-Major Funds</u>
<b>ASSETS</b>		
Unrestricted Cash	\$ 20,575	\$ 20,575
Restricted Cash	-	-
Due from Other Funds	-	-
	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 20,575</u>	<u>\$ 20,575</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	\$ -	\$ -
Due to Other Funds	-	-
Retainage Payable	-	-
Bond Anticipation Notes Payable	-	-
	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balance:		
Non-spendable	5,000	5,000
Restricted	15,575	15,575
Committed	-	-
Assigned	-	-
Unassigned	-	-
	<u>-</u>	<u>-</u>
Total Fund Balance	<u>20,575</u>	<u>20,575</u>
Total Liabilities and Fund Balance	<u>\$ 20,575</u>	<u>\$ 20,575</u>

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY SCHEDULE OF  
COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Other Non-Major	Total Non-Major Funds
<b>REVENUES</b>		
Use of Money and Property	\$ 857	\$ 857
Miscellaneous	-	-
<b>Total Revenues</b>	<u>857</u>	<u>857</u>
<b>EXPENDITURES</b>		
Other Expenses	-	-
Capital Outlay	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<u>857</u>	<u>857</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>		
Proceeds From Debt	-	-
Operating Transfers In	-	-
Operating Transfers (Out)	-	-
<b>Total Other Sources (Uses)</b>	<u>-</u>	<u>-</u>
<b>Excess (Deficit) Revenues and Other Sources Over Expenditures and Other (Uses)</b>	857	857
<b>Fund Balance, Beginning of Year</b>	<u>19,718</u>	<u>19,718</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 20,575</u></u>	<u><u>\$ 20,575</u></u>

See paragraph on supplementary schedules included in auditors' report.



**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
NET INVESTMENT IN CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2018**

Capital Assets, Net			\$ 40,784,462
Deduct:			
Bond Anticipation Notes		-	
Short-term portion of bonds payable	1,645,000		
Long-Term portion of bonds payable	22,400,000		
			24,045,000
Net Investment in Capital Assets			<u>\$ 16,739,462</u>

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY  
AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS**

	<b>2018</b>
Measurement Date	July 1, 2017
<b>Total OPEB Liability</b>	
Service cost	\$ 3,200,562
Interest	2,761,762
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total OPEB liability	-
Changes of assumptions or other inputs	(12,553,557)
Benefit payments	<u>(2,049,558)</u>
Net change in total OPEB liability	<u>(8,640,791)</u>
 Total OPEB liability - beginning	 <u>94,728,157</u>
 Total OPEB liability - ending	 <u><u>\$ 86,087,366</u></u>
 Covered payroll	 <u><u>\$ 12,617,984</u></u>
 Total OPEB liability as a percentage of covered payroll	 682.26%

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate each period. The discount rate in effect at the current measurement date is 3.0%.

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

(1) Data not available prior to fiscal year 2018 implementation of Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

\* Ratios not provided

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**LAST 10 FISCAL YEARS**

**New York State Teachers Retirement System (TRS)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability (asset)	0.060044%	0.059490%	0.059280%	0.056963%
District's proportionate share of the net pension liability (asset)	\$ (456,390)	\$ 637,166	\$ (6,157,268)	\$ (6,345,324)
District's covered-employee payroll	\$ 9,513,780	\$ 9,366,618	\$ 9,079,939	\$ 8,410,250
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-4.80%	6.80%	(65.74%)	(77.52%)
Plan fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.46%	111.48%

Note - amounts presented for each fiscal year were determined as of the June 30th measurement date as of the prior fiscal year

(1) Data not available prior to fiscal year 2015 implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**New York State Employees Retirement System (ERS)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability (asset)	0.0107385%	0.9842500%	0.0103902%	0.01000870%
District's proportionate share of the net pension liability (asset)	\$ 346,581	\$ 924,820	\$ 1,667,651	\$ 338,117
District's covered-employee payroll	\$ 3,118,885	\$ 2,948,824	\$ 2,913,348	\$ 2,759,185
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	11.11%	31.36%	57.24%	12.25%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%

Note - amounts presented for each fiscal year were determined as of the March 31st measurement date as of the current fiscal year

(1) Data not available prior to fiscal year 2015 implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS**

**New York State Teachers Retirement System (TRS)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 1,217,262	\$ 1,217,262	\$ 1,560,978	\$ 1,367,328
Contributions in relation to the contractually required contribution	1,115,149	1,217,262	1,560,978	1,367,328
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 9,513,780	\$ 9,366,618	\$ 9,079,939	\$ 8,410,250
Contributions as a percentage of covered employee payroll	11.72%	13.00%	17.19%	16.26%

Note - amounts presented for each fiscal year were determined as of the June 30th measurement date as of the prior fiscal year

(1) Data not available prior to fiscal year 2015 implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**New York State Employees Retirement System (ERS)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$ 460,968	\$ 450,991	\$ 560,416	\$ 483,396
Contributions in relation to the contractually required contribution	460,968	450,991	560,416	483,396
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 3,118,885	\$ 2,948,824	\$ 2,913,348	\$ 2,759,185
Contributions as a percentage of covered employee payroll	14.78%	15.29%	19.24%	17.52%

Note - amounts presented for each fiscal year were determined as of the June 30th measurement date as of the prior fiscal year

(1) Data not available prior to fiscal year 2015 implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures
<b><u>U.S. Department of Education</u></b>			
<b>Direct:</b>			
Impact Aid	84.041		\$ 1,117
<b>Passed Through New York State</b>			
<b>Department of Education:</b>			
Title I Grants to Local Education Agencies	84.010	0021-17/18-2605	620,362
Title I Grants to Local Education Agencies, School Improvement	84.010A	0011-17/18-2572	29,389
Improving Teacher Quality State Grants	84.367	0147-17/18-2605	84,043
Small Rural Schools Achievement	84.358	0006-17-2605	1,309
Small Rural Schools Achievement	84.358	0006-18-2605	19,930
Subtotal			<u>755,033</u>
Special Education-Grants to States (IDEA, Part B)	84.027	0032-17/18-0790	407,017
Special Education-Preschool Grants (IDEA Preschool)	84.173	0033-17/18-0790	12,299
Total Special Education Cluster			<u>419,316</u>
Total - Passed through New York State Department of Education			<u>1,174,349</u>
Total - U.S. Department of Education			<u>1,175,466</u>
<b><u>U.S. Department of Agriculture</u></b>			
<b>Direct:</b>			
National School Lunch Program- surplus food	10.555		22,040
<b>Passed Through New York State</b>			
<b>Department of Education:</b>			
School Breakfast Program	10.553	511101060000	139,417
National School Lunch Program	10.555	511101060000	363,235
Summer Food Service Program for Children	10.559	511101060000	17,792
Total Child Nutrition Cluster			<u>542,484</u>
Total passed through New York State Department of Education			<u>520,444</u>
Total - U.S. Department of Agriculture			<u>542,484</u>
Total All Federal Programs			<u><u>\$ 1,717,950</u></u>

See paragraph on supplementary schedules included in auditors' report.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2018**

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

The accompanying Schedule of Federal Financial Assistance presents the activity of all 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* (the 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 they are included in the federal financial reports used as the source for the data presented. Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The District has not elected to use the 10 percent *de minimis* cost rate as covered in CFR200.414 Indirect (F&A) costs.

**NOTE 2 - SUB-RECIPIENTS**

No amounts were provided to sub-recipients.

**NOTE 3 - OTHER DISCLOSURES**

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

Federal awards non-cash assistance of \$22,040 was given from the USDA in the form of surplus food.



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**INDEPENDENT AUDITORS' 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  
Gouverneur Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gouverneur Central School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Gouverneur Central School District's basic financial statements and have issued our report thereon dated October 1, 2018.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph in 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.





**Crowley & Halloran, CPAs, P.C.**  
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
(CONTINUED)**

**Compliance and Other Matters**

As a part of obtaining reasonable assurance about whether Gouverneur Central 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Crowley & Halloran CPAs P.C.*  
Watertown, NY  
October 1, 2018





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

To the Board of Education  
Gouverneur Central School District

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

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

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Gouverneur Central 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 Gouverneur Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, Gouverneur Central 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, 2018.





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

**Report on Internal Control over Compliance**

Management of the Gouverneur Central 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 the Gouverneur Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gouverneur Central 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Crowley & Halloran CPAs P.C.*

Watertown, NY

October 1, 2018

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

1. The auditors' report expresses an unmodified opinion on the general purpose financial statements of Gouverneur Central School District.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of Gouverneur Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

**Federal Awards**

1. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs were reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
2. The auditors' report on compliance for the major federal award programs for Gouverneur Central School District expresses an unmodified opinion on the programs tested as major federal programs.
3. No audit findings relative to the major federal award programs for Gouverneur Central School District that are required to be reported in accordance with 2 CFR section 200.516(a) reported in this Schedule.
4. The programs tested as major programs include:

**Identification of major programs**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Education Agencies
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children

5. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
6. Gouverneur Central School District was determined to be a low-risk auditee.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018  
(CONTINUED)**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None noted.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2018**

**None Noted**





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## **INDEPENDENT AUDITORS' REPORT ON THE EXTRACLASSROOM ACTIVITY FUND**

To the Board of Education  
Gouverneur Central School District

We have audited the accompanying Statement of Assets, Liabilities and Fund Balance - Cash Basis of the Extraclassroom Activity Fund of Gouverneur Central School District as of June 30, 2018, the related Statements of Cash Receipts and Disbursements - Cash Basis, and the related note to the financial statements for the year then ended.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a comprehensive basis of accounting other than generally accepted accounting principles in the United State of America as 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.



**Crowley & Halloran, CPAs, P.C.**  
*Certified Public Accountants, Auditors, and Consultants*

**INDEPENDENT AUDITORS' REPORT ON THE  
EXTRACLASSROOM ACTIVITY FUND (continued)**

**Opinion**

In our opinion, the financial statements referred to above presents fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Fund of the Gouverneur Central School District as of June 30, 2018, and its cash receipts and cash disbursements – cash basis for the year then ended on the basis of accounting described in Note 1.

**Basis of Accounting**

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

*Crowley & Halloran CPAs P.C.*  
Watertown, NY  
October 1, 2018

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND -  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS  
JUNE 30, 2018**

<b>ASSETS</b>	
Cash	\$ 66,294
Total Assets	<u>\$ 66,294</u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Activity Accounts	\$ 66,294
Total Liabilities	<u>66,294</u>
 Total Liabilities and Fund Balance	 <u>\$ 66,294</u>

The accompanying notes are an integral part of these financial statements.



**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND -  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Cash Balances June 30, 2017	Receipts	Disbursements	Cash Balances June 30, 2018
Art Club	\$ 2,033	\$ -	\$ 178	\$ 1,855
Band	541	1,694	1,995	240
CODA	750	4,039	3,236	1,553
Class of 2017	923	-	923	-
Class of 2018	15,106	57,206	71,349	963
Class of 2019	7,042	11,313	5,975	12,380
Class of 2020	4,134	9,905	5,639	8,400
Class of 2021	-	10,000	6,846	3,154
Deanonian	7,214	10,091	11,719	5,586
Drama-JH	4,482	3,954	2,630	5,806
Drama-SH	4,188	3,264	4,280	3,172
FFA	1,275	21,555	20,656	2,174
Interest	214	7	-	221
Key Club	2,245	1,369	1,553	2,061
Nat'l Jr. Honor Society	299	1,700	1,742	257
Nat'l Sr. Honor Society	559	4,782	4,640	701
Student Council - JH	3,972	24,269	23,593	4,648
Student Senate - SH	3,901	5,773	5,511	4,163
Trap Team	-	2,965	-	2,965
Taxes, Sales	269	-	79	190
Varsity	4,221	8,472	8,787	3,906
Thespian Society	1,749	695	545	1,899
	<u>1,749</u>	<u>695</u>	<u>545</u>	<u>1,899</u>
Totals	<u>\$ 65,117</u>	<u>\$ 183,053</u>	<u>\$ 181,876</u>	<u>\$ 66,294</u>

The accompanying notes are an integral part of these financial statements.

**GOUVERNEUR CENTRAL SCHOOL DISTRICT  
EXTRAClassroom Activity Fund  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

The transactions of the Extraclassroom Activity Funds are considered a part of the reporting entity of the Gouverneur Central School District. The transactions for the year are not included in the combined financial statements of the school district, but the June 30, 2018 cash balances are included in the Trust and Agency Fund.

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

The School District's management requires that all activities included in the Extraclassroom Activity Fund meet the criteria for student activities as established by the New York State Education Department.