Reference Manual Appendix 3

2017

Sample Notes to Financial Statements

School District
Notes to Financial Statements
For the Year Ended June 30, 20__

Note 1 - Summary of accounting policies:

The financial statements of name of the school district (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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. Significant accounting principles and policies used by the District are described below:

A) Reporting entity:

The _____ District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of ____ 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 (if applicable, add "and its component unit(s) and other organizational entities determined to be includable in the District's financial reporting entity"). The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

Describe entities included in the District's reporting entity, as applicable.

i) 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.

ii) Public Library

The Public Library jointly shares the services of the District treasurer, appoints trustees for library purposes, and has title to real property used by the Library.

iii) Other Entities

Consider disclosure about Parent Teacher Association and Educational Foundations

B) Joint venture:

The District is a component district in name of BOCES. A Board of Cooperative Educational Services (BOCES) is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

During the year, the District was billed $_____ for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued $_____ of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of $_____.

The District's share of BOCES aid amounted to $_____.

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

C) Basis of presentation:

i) District-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

ii) Funds 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. If some funds are treated as non-major, add, "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 (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

Special Aid Fund: Used to account for proceeds received from State and federal grants that are restricted for specific educational programs.

School Lunch Fund: Use to account for child nutrition activities whose funds are restricted as to use.

Miscellaneous Special Revenue: used to account for and report those revenues that are restricted and committed to expenditures for specified purposes

Public Library Fund: used to account for and report transactions of a library established and supported in whole or in part by real property taxes.

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. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

The District reports the following fiduciary funds:

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

There are two classes of fiduciary funds:

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

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

D) Measurement focus and basis of accounting:

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

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, state aid, 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 state aid is recognized in the fiscal year it is apportioned by the state. 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 _____ days after the end of the fiscal year. *If "available" is defined differently than for real property taxes, add "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.

E) Property taxes:

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

Common and Central Schools

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

City Schools

The City and Counties in which the District is located enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City to the District within two years from the return of unpaid taxes to the city. Real property taxes receivable expected to be collected within 60 days of year-end, less similar amounts collected during this period in the preceding year are recognized as revenue. Otherwise, a deferred inflow of resources offset real property taxes receivable.

F) Restricted resources:

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

G) Inter-fund transactions:

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

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

The governmental funds report all inter-fund transactions as originally recorded. Inter-fund 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 ____ for a detailed disclosure by individual fund for inter-fund receivables, payables, expenditures, and revenues activity.

H) Estimates:

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

I) Cash (and cash equivalents)/Investments

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

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

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

Investments are stated at fair value.

J) Receivable (or Accounts receivable):

Receivables (accounts receivable) are shown net of an allowance for uncollectible accounts., when applicable. An allowance for uncollectible accounts has been provided for certain amounts that may not be collectible within ___ days. (**or**)No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and prepaid items:

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

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

If reserve method is used

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

L) Other assets/restricted assets (if applicable):

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

In the district-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

M) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to _____. For assets acquired prior to _____, estimated historical costs, based on *[insert method of determining estimated historical costs, for example, appraisals conducted by independent third-party professionals]* were used. Donated assets are reported at estimated fair market value at the time received.

Select wording as applicable, for example:

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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Site improvements			
Buildings			
Furniture and equipment			
Vehicles (optional)			

Certain infrastructure capital assets representing _____ are accounted for using the modified approach permitted for eligible assets under GASB 34. The modified approach requires that an asset management system be established which assures that an expenditure amount sufficient to preserve the

assets in good condition for proper and efficient functioning is budgeted each year in lieu of depreciation. Accordingly, all expenditures made for those assets, other than additions and improvements that increase capacity or efficiency, are charged to expense in the period incurred instead of calculating depreciation. The District is required to conduct a condition assessment of these assets at least once every three years.

(The above paragraph only applies if this approach is used)

N) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three (four items if implementing GASB 75) items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB (if implementing GASB 75) subsequent to the measurement date. (if implementing GASB 75) The fourth item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the statement of net position or balance sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three (four if implementing GASB 75) items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. (if implementing GASB 75) The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

O) Unearned Revenue

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

P) Vested employee benefits:

Compensated absences

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

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

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

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

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

Q) Other benefits:

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. [If applicable "The cost of providing post-retirement benefits is shared between the District and the retired employee."] The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

R) Short-term debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually 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 there is an insufficient or no provision 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.

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

S) Accrued liabilities and long-term obligations:

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. 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.

T) 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.

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

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes inventory recorded in the School Lunch Fund of $XX,XXX, as well as prepaid items or the long-term portion of loans receivable recorded in the General Fund.

Restricted - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Only include the reserves that the District is currently using. An election may also be made to include those available to the District but not currently being used.

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. This reserve is accounted for in the General Fund.

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. This reserve is accounted for in the General Fund.

Retirement Contributions

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

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 liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or $15,000, whichever is greater. This type of reserve fund may be utilized only by school districts with a population under 125,000. This reserve is accounted for in the General Fund.

Insurance

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

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 that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, 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. This reserve is accounted for in the General Fund.

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.

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. This reserve is accounted for in the General Fund.

Debt Service

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

Uncollected Taxes in a City School District

According to Education Law §3651[1-b] must be used to cover uncollected real property taxes for a given tax fiscal year in city school districts provided the city or county is not required to pay to the treasurer of a city school district the amount of unpaid taxes during the fiscal year for which they are levied. Is created by resolution of the governing board, without voter approval, provided that the ratio of the amount of such reserve to the total principal amount of the district's tax levy for the fiscal year is not less than the ratio of the principal amount of the District taxes as levied for the last completed fiscal year but not received by the district before the end of that fiscal year, to the total principal amount of the tax levy for the last completed fiscal year. Source of funds generally is through budgetary appropriations. If the city or county is not required to pay to the treasurer of a city school district unpaid taxes pursuant to Section 1332 of the Real Property Tax Law, the board of education of the city school district shall establish a reserve pursuant to this subdivision, provided that such reserve shall not be less than the amount of taxes for the fiscal year for which the budget is being prepared which are estimated to be unpaid during such fiscal year under the Real Property Tax Law. This reserve is accounted for in the General Fund.

Restricted fund balance includes the following:

General Fund:	
Workers' compensation	$
Unemployment insurance	
Retirement contribution	
Property loss	
Liability	
Insurance	
Tax certiorari	
Employee benefit accrued liability	
Capital	
Repairs	
Debt service	
Uncollected taxes in a city school district	
Debt Service Fund*	
Capital Projects Fund*	
Special Aid Fund*	
School Lunch Program*	
	$

**includes remaining fund balance in these funds not otherwise classified as nonspendable, committed, or assigned*

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 20XX.

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Reserve for Insurance Recoveries

Reserve for Insurance Recoveries (Education Law §1718(2)) is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held there pending action by the Board on their disposition. This reserve will not be used if the insurance recovery is expended in the same fiscal year in which it was received. The reserve is accounted for in the general fund.

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

Unassigned Fund Balance

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

Minimum Fund Balance Policy (if a policy exists):

The Board has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at two months of general fund annual revenues (approximately 16.7%). This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls

below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a three-year period.

Order of Use of Fund Balance:

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

If the District has a policy other than the default policy contained in GASB 54, disclose the District's policy

U) New Accounting Standards

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

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*	Effective for the year ending June 30, 2018
GASB has issued Statement No. 77, *Tax Abatement Disclosures*	Effective for the year ended June 30, 2017

Include any other Applicable GASB's

V) Future Changes in Accounting Standards (Optional section – can be included if a district would like to)

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. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

Include any other applicable GASB's

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

Note 2 - Explanation of certain differences between fund statements and District-wide statements: (if applicable; depends on format elected for financial statements)

Due to the differences in the measurement focus and basis of accounting used in the funds 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 District-wide statements, compared with the current financial resources focus of the governmental funds.

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

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

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

i) 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.

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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 fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the 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.

iv) Pension differences:

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

Note 3 - Changes in accounting principles:

For the fiscal year ended June 30, 2017, the District implemented GASB Statement No. 77 Tax Abatement Disclosures and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. (Only if you are early implementing!) The implementation of the statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. See note ____ for the financial statement impact of the implementation of the statement.

Describe those instances when a new accounting principle is adopted that is different from one used previously, and the impact of the new principle on the financial statements.

Note 4 - Stewardship, compliance and accountability:

Budgets

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:

If budget is approved by the voters

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

If budget is defeated by the voters

The voters of the District defeated the proposed appropriation budget; consequently, the Board of Education adopted a contingency budget, which includes appropriations for teachers' salaries and other ordinary contingent expenses. Under a contingency budget, the district's tax levy may not be greater than the tax levied for the prior school year. However, the administrative component of a contingency budget, exclusive of the capital component, may not comprise a greater percentage of the budget than the lesser of that percentage of the prior year's budget, or that percentage in the last defeated budget.

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. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year or "*The following supplemental appropriations occurred during the year"*:

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

Budgets are established and used for individual capital 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.

Encumbrances

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

Disclose events such as the following examples approved by the voters

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 Capital Projects Fund had a deficit fund balance of $_____. This will be funded when the District obtains permanent financing for its current construction project.

The Special Aid Fund shows an unassigned fund balance deficit of $_____. This deficit results from revenues that are due and expected to be received in no later than ____ days. In accordance with GASB #33, Accounting and Financial Reporting for Nonexchange Transactions, this amount does not meet the availability criteria for recognition as revenue in the current period.

The District did not make transfers among functional units in accordance with §170.2(l) of the New York State Commissioner of Education's Regulations, which provide that the Board shall have the power and duty to make transfers between and within functional unit appropriations for teachers' salaries and ordinary contingent expenses. Actions the District plans to pursue to address this issue include _____.

The following funds had an excess of actual expenditures over budget for the year:

The District directed the temporary use of $_____ of bond proceeds to finance general operating expenditures, and thus avoid the need to borrow on tax and revenue anticipation notes. The law limits the use of bond proceeds to the specific purposes for which they were borrowed. Actions the District plans to pursue to address this issue include _____.

Tax anticipation notes of $_____ were authorized and issued within the last ten days of the year, in anticipation of the collection of taxes to be levied in the following year. A major portion of the proceeds was used to fund expenditures of the current year. The law restricts the use of such tax anticipation note proceeds to the purpose for which the taxes will be levied. Actions the District plans to pursue to address this issue include _____.

The District made interfund transfers during the year, which exceeded amounts provided in the District's budget.

The District failed to comply with §436 budget cap requirements, in that ¬¬¬¬¬¬¬__-_____.

Note 5 - Cash (and cash equivalents) - custodial credit, concentration of credit, interest rate, and foreign currency risks:

Cash

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

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

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

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

Note 6 - Investments:

The District has few investments (primarily donated scholarship funds), and chooses to disclose its investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

(A) Insured or registered, or investments held by the District or by the District's agent in the District's name, or
(B) Uninsured and unregistered, with the investments held by the financial institutes trust department in the District's name, or
(C) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District's name.

Investment
Fund
Carrying amount (fair value)
Unrealized investment gain/loss
Type of investment
Category

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The District does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

At year-end, the District held $_____ in investments consisting of various investments in securities issued by the United States and its agencies.

If applicable, disclose securities underlying repurchase agreements held by the District.

If applicable, disclose the nature of reverse repurchase agreements, dollar repurchase agreements and securities lending transactions.

If applicable, disclose that the District is committed to resell securities under yield maintenance repurchase agreements, including carrying amount, market value, and description of terms of the agreement, including settlement price, agreed upon yields and maturity dates.

If applicable, disclose that during the year the District had material under-collateralized deposits, or uninsured, unregistered securities held by the financial institution, in the amount of $_____.

Investment pool:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of year-end are $_____, which consisted of $_____ in repurchase agreements, $_____ in U. S. Treasury Securities, $_____ in U.S. Government Guaranteed Securities and $_____ in collateralized bank deposits, with various interest rate and due dates.

The following amounts are included as unrestricted and restricted cash:

Fund	Bank Balance	Carrying Amount	Description of Investments
	$	$	

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of _____.

Note 7 - Receivables:

Disclose if the details are not already disclosed in the financial statements

Receivables at year-end for individual major funds and non-major funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities			
Description	General	Special Aid	Nonmajor	Total
Accounts receivable	$	$	$	$
Taxes receivable				
State and federal aid				
Due from other governments				
Allowance for uncollectible accounts				
	$	$	$	$

District management has deemed the amounts to be fully collectible.

Note 8 - Capital assets:

Capital asset balances and activity were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$	$	$	$
Construction in progress				
Total capital assets not being depreciated				
Capital assets being depreciated				
Site improvements				
Buildings				
Furniture and equipment				
Vehicles				
Total depreciated assets				
Less accumulated depreciation for:				
Site improvements				
Buildings				
Furniture and equipment				
Vehicles				
Total accumulated depreciation				
Total depreciated assets, net				
Capital assets, net	$	$	$	$

Administrative services	$
Regular instruction	
Vocational instruction	
Special education instruction	
Pupil services	
Operations and maintenance of plant	
Pupil transportation	
Community services	
Depreciation not charged to a specific function	
	$

**** depreciation expense should be allocated at a minimum to the same level of functional activity reported in the Statement of Activities, if an informative allocation methodology is computed by the District.

If the district determines that it has infrastructure assets, refer to GASB publications for additional disclosure guidance.

Note 9 - Short-term debt:

Transactions in short-term debt for the year are summarized below:

	Maturity	Stated Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
RAN		%	$	$	$	$
TAN		%				
BAN		%				
Budget Note		%				
Deficiency Note		%				
			$	$	$	$

If applicable, disclose the amount of interest that has been included in direct expenses for a particular function in the Statement of Activities, for example, relating to expenditures for a new program, or for borrowing for installment payments.

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

Interest paid	$
Less: Interest accrued in the prior year	
Plus: Interest accrued in the current year	
Total interest on short-term debt	$

Note 10 - Long-term debt obligations:

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Long-Term Liabilities:					
Bonds payable	$	$	$	$	$
General obligation debt					
Lease purchase obligations					
Contractual obligations					
Total Long-Term Liabilities					
Other long-term liabilities					
Compensated absences payable					
Judgments and claims payable					
Other postemployment benefits obligation					
Net pension liability - proportionate share					
Total Other Long-Term Liabilities					
	$	$	$	$	$

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

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Balance
				$
				$

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2018	$	$	$
2019			
2020			
2021			
2022			
2023 - 2027			
2028 - 2030			
Total	$	$	$

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

Interest paid	$
Less: Interest accrued in the prior year	
Plus: Interest accrued in the current year	
Total interest on long-term debt	$

Note 11 - Pension plans:

General information:

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

Provisions and administration:

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

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers

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

Funding policies:

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2012 and received an overall discount of $ -).

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

Contributions	TRS	ERS
2017	$ -	$ -

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

Since 1989, the ERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District exercised. As a result, the total unpaid liability at the end of the year was $_____.

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

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

At June 30, 2017, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of June 30, 2016 for TRS and March 31, 2017 for ERS. The total pension asset/(liability) used to calculate the net pension

asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2016	March 31, 2017
District's proportionate share of the net pension asset/(liability)	$	$
District's portion of the Plan's total net pension asset/(liability)	%	%
Change in proportion since the prior measurement date	-	-

For the year ended June 30, 2017, the District's recognized pension expense (credit) of $ for TRS and $ for ERS. At June 30, 2017, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	$	$	$	$
Changes of assumptions				
Net difference between projected and actual earnings on pension plan investments				
Changes in proportion and differences between the District's contributions and proportionate share of contributions				
District's contributions subsequent to the measurement date				
Total	$	$	$	$

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

Year Ended	TRS	ERS
2018		
2019		
2020		
2021		
2022		
Thereafter		
	$	$

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2017	March 31, 2017
Actuarial valuation date	June 30, 2016	April 1, 2016
Interest rate	xx%	xx%
Salary scale	xx%	xx%
Decrement tables	July 1, 2005 - June 30, 2010 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	xx%	xx%

For TRS, annuitant mortality rates are based on July 1, 2005 – June 30, 2010 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale AA. For ERS, annuitant mortality rates are based on 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, the actuarial assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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:

	TRS	ERS
Measurement date	June 30, 2016	March 31, 2017
Asset type		
Domestic equity		
International equity		
Real estate		
Domestic fixed income securities		
Global fixed income securities		
Mortgages		
Short-term		

Discount Rate

The discount rate used to calculate the total pension liability was % for TRS and % for ERS. The projection of cash flows used to determine the discount rate assumes that contributions form 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 ___% for TRS and ___% for ERS, 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 (___% for TRS and ___% for ERS) or 1 percentage point higher (% for TRS and ___% for ERS) than the current rate:

TRS	1% Decrease (7.0)%	Current Assumption (8.0)%	1% Increase (9.0)%
District's proportionate share of the net pension asset (liability)	$	$	$

ERS	1% Decrease (6.0)%	Current Assumption (7.0)%	1% Increase (8.0)%
District's proportionate share of the net pension asset (liability)	$	$	$

Pension Plan Fiduciary Net Position

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

	TRS	ERS
	(Dollars in Thousands)	
Measurement date	June 30, 2016	March 31, 2017
Employers' total pension liability	$	$
Plan fiduciary net position		
Employers' net pension asset/(liability)	$	$
Ratio of plan fiduciary net position to the employers' total pension liability	0.00%	0.00%

Payables to the Pension Plan

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

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

Note 12 - Interfund transactions - governmental funds:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General	$	$	$	$
Special Aid				
School Lunch				
Debt Service				
Capital Projects				
Total Governmental Funds	-	-	$	$
Fiduciary				
Total	$	$		

Describe the nature of interfund transfer revenues and expenditures

The District typically transfers from the General Fund to the _____ Fund, to _____.

The District also made a one-time transfer of $_____ from the Debt Service Fund to the General Fund. This amount was an accumulation of excess levies in the Debt Service Fund for debt previously fully paid.

Note 13 - Postemployment (health insurance) benefits / Prior period adjustment:

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

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

Currently, ____ retired employees have elected to use accumulated sick pay to finance health insurance payments under the District's group plans. This plan pays for ___% of the cost of premiums until the accumulated sick pay amount is exhausted, at which time the insurance payments become the responsibility of the retiree (give appropriate District criteria).

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended _____ the District recognized $_____ for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of _____ which indicates that the total liability for other postemployment benefits is $_____, which is reflected in the Statement of Net Position.

[Note: The specific note disclosure requirements can be found on pages 16, 17, 18, and 19 of the GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions".

Until changes are made in the law to permit funding, there is no legal authority to fund OPEB, other than "pay as you go". Accordingly, references to OPEB funding will need to be modified to reflect law that is current at the time of disclosure.

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

of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution (ARC)	$
Interest on net OPEB obligation	
Adjustment to ARC	
Annual OPEB cost (expense)	
Contributions made	
Increase in net OPEB obligation	
Net OPEB obligation - beginning of year	
Net OPEB obligation - end of year	$

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 20__ and the two preceding years were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	$	%	$
June 30, 2016		%	
June 30, 2017		%	

Funded Status and Funding Progress. As of _____, the most recent actuarial valuation date, the plan was ___% funded. The actuarial accrued liability for benefits was $_____, and the actuarial value of assets was $_____, resulting in an unfunded actuarial accrued liability (UAAL) of $_____. The covered payroll (annual payroll of active employees covered by the plan) was $_____, and the ratio of the UAAL to the covered payroll was ___%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the _____ ___, 20__, actuarial valuation, the _____ method was used. The actuarial assumptions included a ___% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments

calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of ___% initially, reduced by decrements to an ultimate rate of ___% after ____ years. Both rates included a ___% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ____-year period. The UAAL is being amortized as a level percentage of projected payroll(s) on an open basis. The remaining amortization period at June 30, 20___, was _____ years.

Note 13a - Postemployment (health insurance) benefits / Prior period adjustment *(if early implementing)*:

A. General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	
Inactive employees entitled to but not yet receiving benefit payments	
Active employees	
	-

B. Total OPEB Liability

The District's total OPEB liability of $_____ was measured as of June 30, 20XX, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 20XX actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

SAMPLE

Inflation	3.0 percent
Salary Increases	3.25 percent, average, including inflation
Discount Rate	4.0 percent
Healthcare Cost Trend Rates	9.5 percent for 20XX, decreasing 0.5 percent per year to an ultimate rate of 5.5 percent for 20XX and later years
Retirees' Share of Benefit-Related Costs	45 percent of projected health insurance premiums for retirees

The discount rate was based on (NAME OF THE INDEX).

Mortality rates were based on the (NAME OF MORTALITY TABLE), as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 20XX valuation were based on the results of an actuarial experience study for the period _____, 20XX - _____, 20XX.

C. Changes in the Total OPEB Liability

Balance at June 30, 2016	$ _____
Changes for the Year -	
Service cost	
Interest	
Changes of benefit terms	
Differences between expected and actual experience	
Changes in assumptions or other inputs	
Benefit payments	
Net Changes	
Balance at June 30, 2017	$ _____

Changes of benefit terms reflect

.

Changes of assumptions and other inputs reflect a change in the discount rate from ____ percent in 2016 to ____ percent in 2017.

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 (___ percent) or 1 percentage point higher (___ percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	%	%	%

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

	1% Decrease (____ % Decreasing to ____ %)	Healthcare Cost Trend Rates (____ % Decreasing to ____ %)	1% Increase (____ % Decreasing to ____ %)
Total OPEB Liability	%	%	%

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

For the year ended June 30, 2017, the District recognized negative OPEB expense of $_____. At June 30, 2017, 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 of assumptions or other inputs		
Total	$ -	$ -

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

Fiscal Year Ending June 30,	Amount
2018	$
2019	
2020	
2021	
2022	
Thereafter	
	$

Note 14 - Risk management:

General

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.

Consortiums and Self-Insured Plans

Disclose other risks, such as consortiums and self-insured risks, such as the following:

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

The District participates in _____, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is $_____.

The District has chosen to establish a self-funded health benefit program for its employees. The benefit programs administrator, _____, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General Fund of the district. At year-end, the district has a liability of $_____ which represents reported and unreported claims which were incurred on or before year-end, but which were not paid by the District as of that date. This amount consists of claims reported to the District by the benefits program administrator of $_____, and the estimated incurred claims which were not reported to either the benefits program administrator or the District of $_____. Claims activity is summarized below:

	Current Year Balance	Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2017	$	$	$	$
2016				
2015				
2014				

Incurred but not reported for the fiscal years ended June 30:

2017
2016
2015
2014

Note 15 - Commitments and contingencies:

When a loss contingency exists, the likelihood that the future event will confirm the loss or impairment of an asset, or the incurring of a liability, can range from probable to remote. An estimated loss from a contingency should be accrued by a charge to income if information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. If there is a reasonable possibility that a loss may occur, disclosure of the loss is required, including the nature of the contingency and an estimate of the possible loss or range of loss (or a statement that such an estimate cannot be made).

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

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of GASB #16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports $_____ for accumulating, non-vesting sick leave.

A judgment has been filed against the District for _____. This judgment is being appealed. Our attorney estimates that the case will either be won on appeal, or the amount of the judgment will be reduced and will have no material effect on the financial statements.

An audit of certain issues in the District is currently being conducted by the New York State Comptroller's Office. As of the date of issuance of these financial statements no report has been received.

The District has signed commitments for future construction projects (describe and quantify).

Note 16 - Lease obligations (operating leases):

The District leases certain equipment (specify type: copiers, autos, office space, computers or other) under the terms of various non-cancelable leases. Rental expense for the year was $_____.

Minimum annual rentals for each of the remaining years of the lease are:

For the fiscal years ended June 30:

2017	$
2016	
2015	
2014	
	$

The District as lessee leases a building for use as a school, for monthly payments of $_____. The lease expires in _____. Minimum annual rentals for each of the remaining years of the lease are:

For the fiscal years ended June 30:

2017	$
2016	
2015	
2014	
	$

Note 17 - Donor-restricted endowments:

The District administers endowment funds, which are restricted by the donor for the purposes of _____.

Donor-restricted endowments are reported at fair value. The amount of net appreciation on investments of donor-restricted endowments that is available for authorization for expenditure by the District is $_____.

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 18 - On-behalf-of payments:

During the year, the District made direct payments to a third party (or received payments from another government) for fringe benefits and salaries of another legally separate entity, in the aggregate amount of $_____.

Note 19 - Tax abatements

If the District has agreements directly with tax payers then use this note.

The District negotiates property tax abatement agreements on an individual basis. The District has tax abatement agreements with ____ entities as of June 30, 2017:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of taxes abated during the Fiscal year

Each agreement was negotiated under _____ law, allowing localities to abate property taxes for a variety of development purposes, including business relocation, retention and expansion. The abatements may be granted to any business located within or promising to relocate to a local government's geographic area. Localities may grant abatements up to 50% of annual property taxes through a direct reduction of the entity's property tax bill. The ____ law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

The District has not made any commitments as part of the agreements other than to reduce property taxes. The District is not subject to any tax abatement agreements entered into by other governmental entities. The District has chosen to disclose information about its tax abatement agreements by purpose. It established a quantitative threshold of 10 percent of the total dollar amount of taxes abated during the year.

For taxes abated by others use this note

The County of _____, enter into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District property tax revenue was reduced $_____. The District received payment in Lieu of Tax (PILOT) payment totaling $_____.

The County of _____, also entered into sales tax abatement programs for the purpose of economic development. The District's sales tax revenue was reduced $_____ as a result of this program.

Note 20 - Overpayments

Due to a change in financial data used to compute State Aid in a prior year, the District received an overpayment of $_____. This is recorded in the General Fund as a liability in the amount owed back to the State. The overpayment is being recovered through reductions in state aid payments. As of the end of the year the total amount due to the State over the next ____ (months, years) is $.

Note 21 - Related party transactions:

If applicable, disclose the nature of the relationship, a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods in which an operating statement

is presented, and such other information as is deemed necessary for an understanding of the effects of transactions on the financial statements. Also disclose the dollar amounts of transactions for each of the periods for which operating statements are presented, and the effects of any change in the method of establishing the terms from that used in the preceding period. Also disclose amounts due from or to related parties as of the balance sheet date, and their terms and manner of settlement.

Note 22 - Discretely presented component units:

If applicable, include disclosures about significant transactions between discretely presented component units with the primary government, condensed financial statements for major discretely presented component units (when required), and the nature and amount of inconsistencies in financial statements caused by transactions between component units having different fiscal years, or changes in component unit fiscal years.

Note 23 - Derivatives not reported at fair value on the Statement of Net Position:

Refer to GASB Technical Bulletin 2003-1, for additional guidance on disclosures required under this heading.

Note 24 - Impairment losses and insurance recoveries:

Program expenses in the Statement of Activities include an impairment loss of $____due to the change in the use of the_____ school building from education to storage.

An impairment gain of $____ realized through an insurance recovery of $____ on a damaged school building with a gross impairment loss of $_____ is reported as an extraordinary item in the Statement of Activities. The fund financial statements report an insurance recovery as another financing source and restoration costs as expenditures.

There are a variety of considerations to be assessed for disclosure in this regard, many of which are identified in GASB #42, such as whether capital asset impairment was considered unusual or infrequent by management (as outlined in APB Opinion #30). The specific disclosures required in the Notes and financial statements will be different, depending on those assessments. For example, the specific prior use vs. future use to which the asset is put could influence the wording of the disclosure, and the type of valuation that is used.

Note 25 - Subsequent events:

The District has signed contracts for the construction of _____. The total anticipated cost of this project is $_____, of which $_____ has been expended through the end of this fiscal year.

On (date), the District issued $____ in revenue anticipation notes at_____% maturing _____.

On (date), the District issued $_____ in serial bonds with interest rates ranging from __5 to ___% over the life of the bonds. Final maturity is in _____.

List other events, as applicable.

Note 26 - Real estate held as investments by endowments:

This Note applies to real estate held as an endowment investment, not to other real estate. Changes made from cost to fair value to comply with the reporting should be treated as an adjustment of prior periods, with restatement of financial statements presented for the affected periods. If restatement is not practical, the cumulative effect should be reported as a restatement of beginning net position, equity or fund balance for the current period.

The District reports land and other real estate held by endowments at fair value at year-end. Changes in fair value during the period are reported as investment income. The methods and significant assumptions used to estimate fair value are _____.

No investments are reported at amortized cost. No income from the investments is assigned to another fund.