

MONTICELLO CENTRAL SCHOOL DISTRICT

***GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2018***

MONTICELLO CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Unmodified Opinions

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

Other Matters

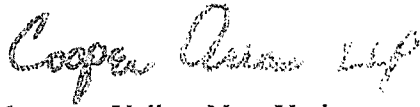
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, on pages 4 through 16 and 59 through 64, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The prior year summarized comparative information has been derived from the District's June 30, 2017 financial statements and, in our report dated September 29, 2017, we expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2018 on our consideration of the Monticello Central School District, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Monticello Central School District, New York's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "Cooper Quinn". The signature is fluid and cursive, with the first name "Cooper" being more prominent than the last name "Quinn".

Mongaup Valley, New York
October 1, 2018

**MONTICELLO CENTRAL SCHOOL DISTRICT
MONTICELLO, N.Y.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018
UNAUDITED**

The discussion and analysis of Monticello Central School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999.

Financial Highlights

Key financial highlights for the District-wide statements are as follows:

For fiscal year 2017-18 total revenues for all categories was \$89,430,779. General revenues accounted for \$82,732,112 of revenue or 92.5% of all revenues. Program specific revenues in the form of operating grants, charges for services, contributions and capital grants accounted for \$6,698,667 or 7.5% of total revenues.

The District had \$89,391,947 in expenses. Of this amount, expenses of \$6,698,667 were offset by program specific charges for services or grants.

Key financial highlights for the governmental funds are as follows:

The Worker's Compensation Reserve has a year-end balance of \$1,022,963. The reserve continues to be monitored on an annual basis. Improved effectiveness in the monitoring of this potential liability is expected to continue utilization of the Third Party Administrator for the District program.

The District has an Employees Retirement System Reserve in the amount of \$1,171,000. The purpose of the reserve fund is to fund employer retirement contributions.

The District also has a Capital Reserve in the amount of \$8,000,000. The purpose of the reserve is to fund future capital improvement.

Board action on creating and adjusting these reserves demonstrates effective fund balance management which is important for fiscal stability.

The General Fund had \$83,212,026 in revenues and \$83,010,748 in expenses. This resulted in an increase in fund balance of \$201,278. This slight increase maintains the District's fund balance and demonstrates the district's commitment to address the key issues from the Comptroller's Report. The District was also able to complete infrastructure improvements and security system upgrades within the current budget.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Monticello Central School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a long-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Monticello Central School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions to ask the question, "How did we do financially in the current year?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the method of accounting used by most private-sector businesses. This basis of accounting considers all of the current year revenues and expenses, regardless of when cash is received or paid.

These two statements report District-wide net position and changes in position. This change in net position is important because it tells the reader that, for the School District as a whole, if financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current New York State legislation regarding State Aid, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports the following activities:

Governmental Activities:

All of the School District's programs and services are recorded here, including instruction, support services, operation and maintenance of plant facilities, pupil transportation, and cafeteria.

**Reporting the School District's Most Significant Funds
Fund Financial Statements**

Fund financial reports provide detailed information about the School District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Aid Fund, School Lunch Fund, Capital Fund and the Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationships, or differences, between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 29 to 58 of this report.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve, over time, as a useful indicator of a government's financial position.

The District's financial position is the product of many financial transactions, including the net result of all activities, payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a comparison of the School District's net position as of June 30, 2018 and June 30, 2017.

Table 1
Net Position

Assets	June 30, 2018	June 30, 2017
Current and Other Assets	36,287,381	36,311,099
Non-Current Assets	42,408,978	41,868,685
Total Assets	78,696,359	78,179,784
Total Deferred Outflows of Resources	20,282,211	20,858,545
Liabilities		
Current Liabilities	8,237,653	8,342,626
Long Term Liabilities (1)	80,269,300	37,398,950
Total Liabilities	88,506,953	45,741,576
Total Deferred Inflows of Resources	9,341,180	1,237,067
Net Position		
Net Investment in Capital Assets	29,256,642	26,140,576
Restricted	12,343,275	12,187,918
Unrestricted	(40,469,480)	13,731,192
Total Net Position	1,130,437	52,059,686

(1) Long Term Liabilities for 2017-18 includes Total OPEB liability where 2016-17 included only Net OPEB obligation.

The District's combined net position was \$1,130,437 on June 30, 2018. This was a decrease of \$50,929,249 from the June 30, 2017 net position of \$52,059,686 due to a change in OPEB reporting.

Table 2 shows changes in net position for fiscal year 2017-2018. Comparative data is presented for fiscal year end June 30, 2017.

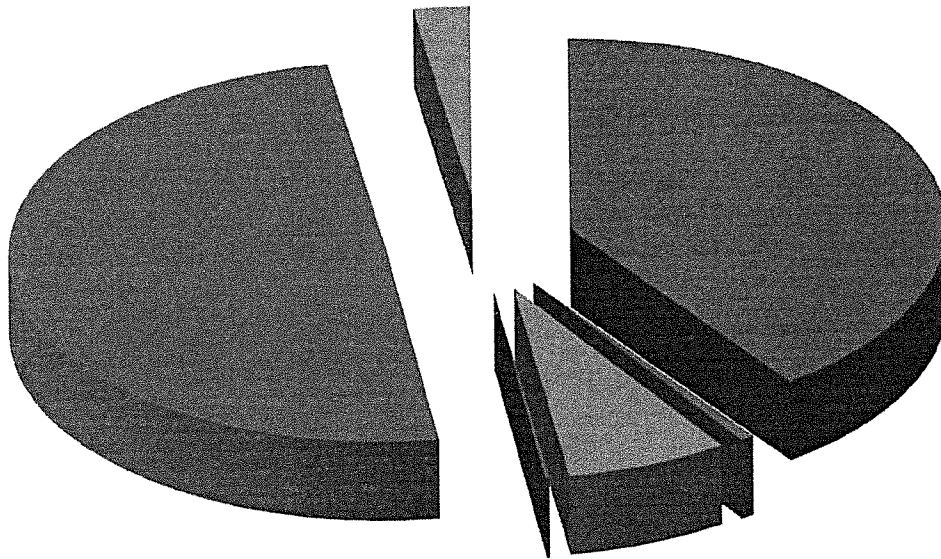
Table 2
Changes in Net Position

REVENUES	6/30/2018	6/30/2017
Program Revenues:		
Charges for Services	546,734	579,557
Operating Grants	6,151,933	6,047,096
Capital Grant	0	0
General Revenues:		
Property Tax Items	44,446,920	44,442,074
State Aid	35,969,335	34,266,608
Federal Aid	139,977	121,656
Local Sources	2,175,880	2,085,415
Total Revenues	89,430,779	87,542,406
EXPENSES		
Instruction	71,968,489	69,823,683
General Support	9,643,321	8,531,898
Pupil Transportation	5,759,631	5,509,188
Debt Service	448,286	1,405,852
School Lunch Program	1,526,696	1,683,771
Community Service	45,524	45,793
Total Expenses	89,391,947	87,000,185
Increase in Net Position	38,832	542,221

Governmental Activities

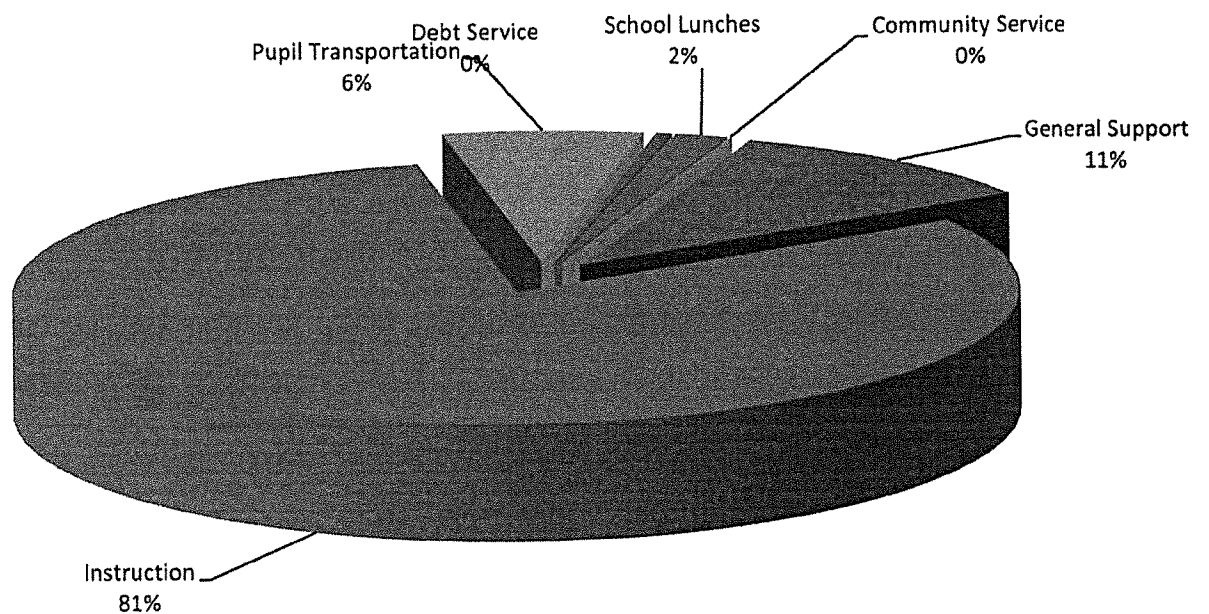
School district revenue sources are similar throughout the state. The nature of property taxes in New York creates the legal requirement to annually seek voter approval for School District operations. Property taxes and other tax items made up 50.77 percent of revenues for governmental activities for fiscal year 2018. State Aid, Federal Aid and Local Sources, exclusive of amounts reported as program revenues, accounted for another 49.23 percent of revenue. The District's total revenue for the year ended June 30, 2018 was \$89,430,779. Please refer to the Statement of Activities for additional detail.

Sources of Revenue 2017-2018



The total cost of all programs and services was \$89,391,947. Instruction comprises 80.51 percent of District expenses. The District strives to focus its resources to improve the instructional program for our students. Please refer to the Statement of Activities for additional detail.

Expenses for 2017-2018



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these expenses. Table 3 shows the total cost of services and the net cost of services. The net cost shows financial burden that was placed upon the District's taxpayers by each of these functions. Information presented compares the current fiscal year end to June 30, 2017.

Table 3
Cost of Services

	Total Cost	Net Cost	Total Cost	Net Cost
	2017-18	2017-18	2016-17	2016-17
Instruction	71,968,489	67,210,283	69,823,683	65,272,961
General Support	9,643,321	9,385,884	8,531,898	8,202,598
Pupil Transportation	5,759,631	5,685,564	5,509,188	5,399,203
Debt Service	448,286	448,286	1,405,852	1,405,852
School Lunch Program	1,526,696	(82,261)	1,683,771	47,125
Community Service	45,524	45,524	45,793	45,793
Total Expenses	89,391,947	82,693,280	87,000,185	80,373,532

Instructional expenses include activities dealing directly with the teaching of pupils, and the interaction between teacher and student, including extracurricular activities and technology to support classroom instruction.

General support includes all departments not directly connected to classroom instruction or transportation, and included school administration, business office, maintenance and operation of plant.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities and special programs.

Debt service, unallocated depreciation and amortization, and the school lunch program include all identifiable expenses relevant to these areas.

The School District's Funds

All governmental funds (i.e., general fund, special aid fund, school lunch fund, capital projects fund and the debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and expenditures for the year ended June 30, 2018, exclusive of interfund transfers, amounted to \$89,547,429 and \$89,550,157, respectively. The net change in fund balance for the year ended June 30, 2018 for all governmental funds was a decrease of \$2,728.

The Cafeteria had an increase in fund balance of \$98,515. The increase in cafeteria fund balance reflects revenues in excess of current year expenses. The District continues to take steps to maximize revenues by closely monitoring of expenditures and improving menu selection to increase program participation. With the introduction of the Community Eligibility Provision (CEP) in all buildings, the District anticipates an increase in participation and growth in fund balance to continue a healthy self-sustaining program.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year's revenues. This table excludes proceeds of long-term debt and interfund transfers.

	Revenue 2017-18	Revenue 2016-17	Increase/ (Decrease) from 06/30/2018	Percentage Inc/(Dec) from 06/30/2017
Local Sources	47,188,184	47,149,559	38,625	0.08
State Sources	37,593,219	35,759,716	1,833,503	5.13
Federal Sources	4,656,026	4,667,444	(11,418)	(0.24)
Total	89,437,429	87,576,719	1,860,710	2.12

The increase in local revenue of \$1,860,710 was mainly due to an increase in State Aid revenue. Similar to other entities, economic conditions continue to be a factor on the District's investment and revenues generated.

Remaining items were considered routine revenue variances and are detailed in the supplementary information section of the financial statements.

The following schedule represents a summary of general fund, special aid fund, school lunch fund, capital projects and debt service fund expenditures for the fiscal year ended June 30, 2018, and the percentage increases and decreases in relation to prior year amounts. This table excludes interfund transfers.

	Expenses 2017-18	Expenses 2016-17	Increase/ (Decrease) from 06/30/2018	Percentage Inc/(Dec) from 06/30/2017
Instruction	52,487,560	50,742,022	1,745,538	3.44
General Support	7,427,000	6,848,221	578,779	8.45
Pupil Transportation	4,269,452	3,988,875	280,577	7.03
Employee Benefits	19,282,454	19,747,622	(465,168)	(2.36)
Debt Service	4,454,514	4,623,521	(169,007)	(3.66)
Cost of Sales	1,189,709	1,298,336	(108,627)	(8.37)
Capital Outlay	410,571	128,372	282,199	219.83
Community Services	28,897	28,331	566	2.00
Total	89,550,157	87,405,300	2,144,857	2.45

Changes in expenditures were mainly the result of increased instructional expenditures and required infrastructure repairs.

General Fund Budget Highlights

The School District's budget is prepared in accordance with New York State Law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund for the District is the General Fund.

Budget adjustments were made during the course of the fiscal year, within general ledger functions. In accordance with District policy, all transfers over the amount of \$5,000 from any one line item were approved by the Board of Education, prior to being processed.

The budget status was reviewed monthly to monitor budget allocations with recorded expenditures to ensure accurate reporting. This practice provides oversight at the next level to the payroll and accounts payable process.

Capital Assets

At the end of fiscal year 2018, the District had \$41,062,506 invested in land, buildings, furniture and equipment and vehicles, net of \$25,437,685 in accumulated depreciation. Table 4 shows fiscal year 2018 balances compared to fiscal 2017.

Table 4
Capital Assets (Net of Depreciation)

	6/30/2018	6/30/2017
Land	135,333	135,333
Construction in Progress	465,751	80,557
Building and Improvements	37,228,445	38,455,169
Furniture and Equipment	362,470	304,517
Vehicles	2,870,510	2,893,109
Total	41,062,509	41,868,685

Overall, net capital assets decreased by \$806,176. The decrease reflects the current year depreciation and disposals exceeded the current year acquisitions. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2018, the School District had \$12,714,494 of outstanding long-term debt, net of Total OPEB liability. Table 5 represents fiscal year 2018 balances compared to fiscal year 2017, including restated Total OPEB liability for fiscal year 2017.

Table 5
Outstanding Debt

	6/30/2018	6/30/2017
Serial Bonds	9,145,000	12,660,000
Energy Performance Contract	2,440,864	2,738,109
Compensated Absences	1,128,630	1,134,325
Total OPEB Liability (restated)	66,805,254	67,367,013
Total	79,519,748	83,899,447

Serial bonds decreased overall by \$3,515,000 due to repayment of principal. In addition, outstanding debt decreased due to repayment of principal in conjunction with the energy performance contract of \$297,245, a decrease in compensated absences in the amount of \$5,695 and a net decrease in Total other post-employment benefits (restated) in the amount of \$561,759.

For the Future

The Monticello Central School District continues to be in good financial condition. As stated previously given the challenges facing the local, state and federal budgets the future finances of the District will be subject to pressure. The District is faced with budget increases such as salaries, health costs and retirement system contributions, while dealing with the limits of the Tax Cap legislation. The management of the District continues to aggressively pursue pro-active in house expense reduction. The focus of this pursuit is to analyze expenditure trends, where possible, phase in increases and to reduce or eliminate expenses.

Our overall goal is to limit the burden on the taxpayers of the District as much as possible, while balancing the educational needs of the students and trying to maintain the majority of programs in place. Any and all alternative sources of funding are looked at for our District wide programs as we hope to access new resources. Again, we are not alone in our fiscal struggle. The District faces similar issues with other local municipalities; rising costs and declining revenues. We will continue to explore new partnerships to provide mutual benefit for all who participate. As a district community we are committed to providing a quality education for our students to prepare them for the global world that awaits them.

The community is poised to revitalize itself. Currently, the racetrack, Bethel Woods and Resorts World Catskills are becoming significant attractions. Additional development at the former Concord site should enhance the area in the years to come. The District is seeking to improve its facilities and the voters approved, an \$8,000,000 capital reserve fund, to finance capital improvements across all District buildings. Part of that process is a review of the 5-year capital improvement plan and the Building Condition Survey, which was completed in 2016. The District is committed to bring our students into the 21st Century with increased infrastructure, technology and enhanced security.

Contacting the School District's Financial Management

This financial report is designed to provide our taxpayers, citizens, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report, or need additional information, contact Mrs. Lisa A. Failla, Assistant Superintendent for Business, Monticello Central School District Administration Building, 237 Forestburgh Road, Monticello, NY 12701

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash	\$ 19,037,351	\$ 18,948,166
Cash - Restricted	12,343,275	12,187,918
Accounts Receivable	16,928	22,190
State And Federal Aid Receivable	3,544,578	3,672,252
Due From Other Governments	1,295,139	1,432,608
Due From Fiduciary Funds	35,345	30,245
Inventory	<u>14,765</u>	<u>17,720</u>
Total Current Assets	<u>36,287,381</u>	<u>36,311,099</u>
Non-Current Assets		
Net Pension Asset	1,346,472	-
Capital Assets	66,500,191	65,950,315
Less: Accumulated Depreciation	<u>(25,437,685)</u>	<u>(24,081,630)</u>
Total Non-Current Assets	<u>42,408,978</u>	<u>41,868,685</u>
TOTAL ASSETS	<u>78,696,359</u>	<u>78,179,784</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	20,282,211	20,609,475
Deferred Charge on Refunding, Net	<u>-</u>	<u>249,070</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>20,282,211</u>	<u>20,858,545</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

(Continued)

	<u>2018</u>	<u>2017</u>
LIABILITIES		
Accounts Payable	\$ 1,340,071	\$ 1,139,137
Accrued Liabilities	1,153,085	1,049,930
Bond Anticipation Notes	220,000	330,000
Due To Other Governments	2,273,424	1,981,797
Due To TRS	2,962,858	3,514,092
Due To ERS	270,856	280,581
Unearned Revenues	<u>17,359</u>	<u>47,089</u>
Total Current Liabilities	<u>8,237,653</u>	<u>8,342,626</u>
Non-Current Liabilities		
Due Within One Year:		
Serial Bonds	3,705,000	3,515,000
Energy Performance Contract	303,580	297,243
Net OPEB Obligation	-	1,500,000
Total OPEB Liability	1,500,000	-
Compensated Absences	183,118	93,494
Due Beyond One Year:		
Serial Bonds	5,440,000	9,145,000
Energy Performance Contract	2,137,284	2,440,866
Net OPEB Obligation	-	15,148,002
Total OPEB Liability	65,305,254	-
Compensated Absences	945,512	1,040,831
Net Pension Liability	<u>749,552</u>	<u>4,218,514</u>
Total Non-Current Liabilities	<u>80,269,300</u>	<u>37,398,950</u>
TOTAL LIABILITIES	<u>88,506,953</u>	<u>45,741,576</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	6,318,513	1,237,067
OPEB Liability	<u>3,022,667</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>9,341,180</u>	<u>1,237,067</u>
NET POSITION		
Net Investment In Capital Assets	29,256,642	26,140,576
Restricted	12,343,275	12,187,918
Unrestricted	<u>(40,469,480)</u>	<u>13,731,192</u>
TOTAL NET POSITION	<u>\$ 1,130,437</u>	<u>\$ 52,059,686</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

(WITH COMPARATIVE NET FIGURES FOR THE YEAR ENDED JUNE 30, 2017)

	I PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	2018	2017
FUNCTIONS AND PROGRAMS:					
General Support	\$ 9,643,321	\$ 257,437	\$ -	\$ (9,385,884)	\$ (8,202,598)
Instruction	71,968,489	207,303	4,550,903	(67,210,283)	(65,272,961)
Pupil Transportation	5,759,631	-	74,067	(5,685,564)	(5,399,203)
Community Service	45,524	-	-	(45,524)	(45,793)
School Lunch Program	1,526,696	81,994	1,526,963	82,261	(47,125)
Debt Service	448,286	-	-	(448,286)	(1,405,852)
TOTAL FUNCTIONS AND PROGRAMS	89,391,947	546,734	6,151,933	(82,693,280)	(80,373,532)
GENERAL REVENUES					
Real Property Taxes				41,064,162	40,958,038
Other Tax Items				3,382,758	3,484,036
Investment Earnings				82,576	26,197
Sale Of Property And Compensation For Loss				164,174	143,127
Miscellaneous Local Sources				1,929,130	1,916,091
State Sources				35,969,335	34,266,608
Federal Sources				139,977	121,656
TOTAL GENERAL REVENUES				82,732,112	80,915,753
CHANGE IN NET POSITION				38,832	542,221
TOTAL NET POSITION - Beginning Of Year (Restated)				1,091,605	51,517,465
TOTAL NET POSITION - End Of Year				\$ 1,130,437	\$ 52,059,686

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	I NON-MAJOR					TOTAL	2017
	GENERAL	SPECIAL AID	SCHOOL LUNCH	DEBT SERVICE	CAPITAL PROJECTS	GOVERNMENTAL FUNDS	TOTAL
ASSETS							
Cash	\$ 15,837,283	\$ 705,882	\$ 197,990	\$ 931,801	\$ 1,364,395	\$ 19,037,351	\$ 18,948,166
Cash - Restricted	12,343,275	-	-	-	-	12,343,275	12,187,918
Accounts Receivable	15,000	-	1,928	-	-	16,928	22,190
Due From Other Funds	2,499,208	-	-	-	-	2,499,208	2,749,254
State And Federal Aid Receivable	1,440,777	1,992,969	110,832	-	-	3,544,578	3,672,252
Due From Other Governments	1,295,139	-	-	-	-	1,295,139	1,432,608
Inventories	-	-	14,765	-	-	14,765	17,720
TOTAL ASSETS	<u>\$ 33,430,682</u>	<u>\$ 2,698,851</u>	<u>\$ 325,515</u>	<u>\$ 931,801</u>	<u>\$ 1,364,395</u>	<u>\$ 38,751,244</u>	<u>\$ 39,030,108</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	I NON-MAJOR I					TOTAL GOVERNMENTAL FUNDS	2017 TOTALS
LIABILITIES AND FUND BALANCES	GENERAL	SPECIAL AID	SCHOOL LUNCH	DEBT SERVICE	CAPITAL PROJECTS		
LIABILITIES							
Accounts Payable	\$ 891,531	\$ 229,626	\$ 35,506	\$ -	\$ 183,408	\$ 1,340,071	\$ 1,139,137
Accrued Liabilities	990,085	5,362	7,498	-	-	1,002,945	815,807
Bond Anticipation Notes	-	-	-	-	220,000	220,000	330,000
Due To Other Governments	2,273,164	-	260	-	-	2,273,424	1,981,797
Due To Other Funds	-	2,463,863	-	-	-	2,463,863	2,719,009
Due To Teachers' Retirement System	2,962,858	-	-	-	-	2,962,858	3,514,092
Due To Employees' Retirement System	270,856	-	-	-	-	270,856	280,581
Unearned Revenues	17,174	-	185	-	-	17,359	47,089
TOTAL LIABILITIES	7,405,668	2,698,851	43,449	-	403,408	10,551,376	10,827,512
FUND BALANCES							
Non-spendable:							
Inventory	-	-	14,765	-	-	14,765	17,720
Restricted:							
Tax Certiorari	606,221	-	-	-	-	606,221	506,050
Unemployment Insurance	502,336	-	-	-	-	502,336	501,300
Workers' Compensation	1,022,963	-	-	-	-	1,022,963	971,133
Employee Benefit Accrued Liability	1,040,755	-	-	-	-	1,040,755	1,038,435
Capital	8,000,000	-	-	-	-	8,000,000	8,000,000
Retirement Contribution	1,171,000	-	-	-	-	1,171,000	1,171,000
Assigned:							
Encumbrances	862,240	-	-	-	-	862,240	1,177,012
Appropriated	3,800,000	-	-	-	-	3,800,000	4,850,000
Unappropriated	-	-	267,301	931,801	1,180,987	2,380,089	2,691,140
Unassigned	9,019,499	-	-	-	(220,000)	8,799,499	7,278,806
TOTAL FUND BALANCES	26,025,014	-	282,066	931,801	960,987	28,199,868	28,202,596
TOTAL LIABILITIES AND FUND BALANCES	\$ 33,430,682	\$ 2,698,851	\$ 375,515	\$ 931,801	\$ 1,364,395	\$ 38,751,244	\$ 39,030,108

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2018</u>	<u>2017</u>
Total Governmental Fund Balances	\$ 28,199,868	\$ 28,202,596
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2018 are \$66,500,191 and \$25,437,685, respectively.		
	41,062,506	41,868,685
Refunding bond issuance costs are reported in the governmental funds as expenditures when paid. In the statement of net position, the costs are capitalized and amortized over the life of the bonds. Deferred refunding bond costs and accumulated amortization at June 30, 2018 are \$0 and \$0, respectively. (See Note 15)		
	-	249,070
Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds.		
Net Pension Asset	1,346,472	
Deferred Outflows of Resources	20,282,211	
Net Pension Liability	(749,552)	
Deferred Inflows of Resources	<u>(6,318,513)</u>	15,153,894
	14,560,618	
Long-term asset and liability associated with the Total OPEB Liability are not current financial resources or obligations and are not reported in the governmental funds.		
Deferred Outflows of Resources	-	
Total OPEB Liability	(66,805,254)	
Deferred Inflows of Resources	<u>(3,022,667)</u>	(69,827,921)
	(69,827,921)	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Serial Bonds	(9,145,000)	
Energy Performance Contract	(2,440,864)	
Compensated Absences	(1,128,630)	
Net OPEB Obligation	<u>-</u>	(33,180,436)
	(12,714,494)	
Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.		
	<u>(150,140)</u>	<u>(234,123)</u>
Net Position Of Governmental Activities	<u>\$ 1,130,437</u>	<u>\$ 52,059,686</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

			NON-MAJOR				
	GENERAL	SPECIAL AID	SCHOOL LUNCH	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS	2017 TOTALS
REVENUES							
Real Property Taxes	\$ 41,064,162	\$ -	\$ -	\$ -	\$ -	\$ 41,064,162	\$ 40,958,038
Other Tax Items	3,382,758	-	-	-	-	3,382,758	3,484,036
Charges For Services	207,303	-	-	-	-	207,303	153,930
Use Of Money And Property	333,856	-	50	1,922	417	336,245	352,918
Sale Of Property And Compensation For Loss	159,087	-	10,983	-	-	170,070	175,891
Miscellaneous Local Sources	1,944,031	-	867	-	-	1,944,898	1,926,870
Interfund Revenues	754	-	-	-	-	754	1,549
State Sources	35,969,335	1,584,377	39,507	-	-	37,593,219	35,759,716
Federal Sources	139,977	3,028,593	1,487,456	-	-	4,656,026	4,667,444
Sales	-	-	81,994	-	-	81,994	96,327
TOTAL REVENUES	83,201,263	4,612,970	1,620,857	1,922	417	89,437,429	87,576,719
OTHER FINANCING SOURCES							
Interfund Transfers In	10,763	604,281	-	-	-	615,044	1,201,750
BAN's Redeemed From Appropriations	-	-	-	-	110,000	110,000	110,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	83,212,026	5,217,251	1,620,857	1,922	110,417	90,162,473	88,888,469
EXPENDITURES							
General Support	7,426,246	754	-	-	-	7,427,000	6,848,221
Instruction	47,819,376	4,668,184	-	-	-	52,487,560	50,742,022
Pupil Transportation	4,186,150	83,302	-	-	-	4,269,452	3,988,875
Community Services	28,897	-	-	-	-	28,897	28,331
Employees Benefits	18,491,284	458,537	332,633	-	-	19,282,454	19,747,622
Debt Services:							
Principal	3,922,245	-	-	-	-	3,922,245	3,916,042
Interest	532,269	-	-	-	-	532,269	707,479
Cost Of Sales	-	-	1,189,709	-	-	1,189,709	1,298,336
Capital Outlay	-	-	-	-	410,571	410,571	128,372
TOTAL EXPENDITURES	82,406,467	5,210,777	1,522,342	-	410,571	89,550,157	87,405,300
OTHER USES							
Interfund Transfers Out	604,281	6,474	-	-	4,289	615,044	1,201,750
TOTAL EXPENDITURES AND OTHER USES	83,010,748	5,217,251	1,522,342	-	414,860	90,163,201	88,607,050

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

(Continued)

			<u>NON-MAJOR</u>				
	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>2017 TOTALS</u>
NET CHANGE IN FUND BALANCES	\$ 201,278	\$ -	\$ 98,515	\$ 1,922	\$ (304,443)	\$ (2,728)	\$ 281,419
FUND BALANCE – Beginning Of Year	<u>25,823,736</u>	<u>-</u>	<u>183,551</u>	<u>929,879</u>	<u>1,265,430</u>	<u>28,202,596</u>	<u>27,921,177</u>
FUND BALANCE – End Of Year	\$ <u>26,025,014</u>	\$ <u>-</u>	\$ <u>282,066</u>	\$ <u>931,801</u>	\$ <u>960,987</u>	\$ <u>28,199,868</u>	\$ <u>28,202,596</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2018</u>	<u>2017</u>
Total Net Change in Fund Balances – Governmental Funds	\$ (2,728)	\$ 281,419
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.		
Depreciation Expenses	(1,881,118)	
Capital Outlay	<u>1,080,835</u>	(800,283)
		(1,031,336)
Refunding bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are refunded. However, on the statement of activities, the costs are capitalized and amortized over the life of the bonds. (See Note 15)		
Amortization Expense	-	(93,400)
Repayments of principal on long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
Serial Bonds	3,515,000	
Energy Performance Contract	<u>297,245</u>	3,812,245
		3,806,042
In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
Compensated Absences	5,695	
Net OPEB Obligation	<u>-</u>	5,695
		(2,001,738)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

(Continued)

		<u>2018</u>	<u>2017</u>
Proceeds from the sale of capital assets are reported as revenues in the governmental funds. In the statement of activities, the revenues are reduced by the net book value of the disposed assets.		\$ (5,896)	\$ (52,058)
(Increases) decreases in proportionate share of net pension asset/liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.			
Teachers' Retirement System	(662,774)		
Employees' Retirement System	<u>69,498</u>	(593,276)	(494,718)
(Increases) decreases in the total OPEB liability reported in the statement of activities do not provide for, or require the use of, current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.			
Total OPEB Liability		(2,460,908)	-
In the statement of activities, interest on debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.			
Current Year Accrued Interest	(150,140)		
Prior Year Accrued Interest	<u>234,123</u>	<u>83,983</u>	<u>128,010</u>
Change in Net Position of Governmental Activities		<u>\$ 38,832</u>	<u>\$ 542,221</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	PRIVATE PURPOSE <u>TRUST FUND</u>	AGENCY <u>FUND</u>
ASSETS		
Cash And Cash Equivalents	\$ <u>80,628</u>	\$ <u>172,948</u>
TOTAL ASSETS	<u>80,628</u>	<u>\$ 172,948</u>
LIABILITIES		
Extraclassroom Activity Balances	-	\$ 131,474
Agency Liabilities	-	6,479
Due To Governmental Funds	<u>350</u>	<u>34,995</u>
TOTAL LIABILITIES	<u>350</u>	<u>\$ 172,948</u>
Reserved For Scholarships	<u>\$ 80,278</u>	

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	PRIVATE PURPOSE <u>TRUST FUND</u>
ADDITIONS	
Gifts And Contributions	\$ -
Investment Earnings	<u> 22</u>
TOTAL ADDITIONS	<u> 22</u>
DEDUCTIONS	
Scholarships Awarded	<u> 850</u>
TOTAL DEDUCTIONS	<u> 850</u>
Change In Net Position	(828)
NET POSITION – Beginning Of Year	<u> 81,106</u>
NET POSITION – End Of Year	<u>\$ 80,278</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

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

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

1. Included in the Reporting Entity

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

a. The Extraclassroom Activity Funds

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Joint Venture

The Monticello Central School District is one of the eight component school districts in the Sullivan County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

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

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

C. Basis of Presentation

1. District-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the District as a whole. These statements include the financial activities of the overall District, 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, inter-governmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity and for each function of the District's governmental activities.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operation or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements:

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

The District reports the following major Governmental Funds:

a. *General Fund*

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

b. *Special Revenue Fund*

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District Reports the following non-major Governmental Funds:

a. *Capital Projects Fund*

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

b. *Debt Service Fund*

Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

Additionally, the District reports the following fund type:

a. *Fiduciary Fund*

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Private Purpose Trust Fund

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

Agency Fund

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting/Measurement Focus

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

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

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

E. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1st, and become a lien on September 1st. Taxes are collected during the period commencing September 1st and ending November 6th.

2. Enforcement

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Procedures And Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:
 - I. General Fund
- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end.

Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year.

Instruction	<u>\$ 63,769</u>
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2. Encumbrances

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Budget Basis of Accounting

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

G. Cash and Cash Equivalents

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

H. Inventory

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

I. Accounts Receivable

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

J. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by the District is \$5,000.

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

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES</u>
School Buildings	50
Site Improvements	20
Furniture & Equipment	5-20
Vehicles	8

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

K. Unearned Revenue

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

L. Vested Employee Benefits

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

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

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

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the year paid. In the District-wide statements, the liability is reported at actuarially calculated amounts (See Note 11).

M. Interfund Activity

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

N. Equity Classifications

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

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

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

Unrestricted – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Order of Use of Net Position:

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

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$14,765.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted – includes amounts with constraints placed on the use of resources either externally by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The District has established the following restricted fund balances:

Unemployment Insurance

Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounted for in the General Fund.

Capital

Used to pay the cost of any object or purpose for which bonds may be issued. Voter authorization is required for both establishment of the reserve and payments from the reserve. This reserve is accounted for in the General Fund.

Tax Certiorari

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

Workers' Compensation

This reserve is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. This reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounting for in the General Fund.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee Benefit Accrued Liability

Used to reserve funds for the payment of any accrued employee benefit due an employee upon termination. The reserve is established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Retirement Contribution

Used to pay contributions to the NYS Employee Retirement System. This reserve is accounted for in the General Fund.

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

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority, or by their designated official. The purpose of the assignment must be narrower than the purpose of the General Fund and, in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances in the General Fund and appropriated fund balance. The Board of Education is the decision making authority that can, by resolution, assign fund balance. The District reported encumbrances of \$862,240 as assigned fund balance in the General Fund as of June 30, 2018.

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Use of Fund Balance:

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

O. **Use of Estimates**

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

P. **New Accounting Standards**

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

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

GASB 81 – Irrevocable Split-Interest Agreements.

GASB 85 – Omnibus 2017

GASB 86 – Certain Debt Extinguishment Issues

Q. **Future Accounting Standards**

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. The District reports \$20,282,211 in deferred outflows of resources related to pensions and \$0 in deferred outflows of resources related to the Total OPEB Liability as of June 30, 2018.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The District reports \$6,318,513 in deferred inflows of resources related to pensions and \$3,022,667 in deferred inflows of resources related to the Total OPEB Liability as of June 30, 2018.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of \$13,963,698 to unrestricted net position as of June 30, 2018.

The reporting of deferred outflows of resources and deferred inflows of resources related to the Total OPEB Liability resulted in a net decrease of \$3,022,667 to unrestricted net position as of June 30, 2018.

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Balance

The District's unassigned fund balance in the General Fund is in excess of the amount permitted by law. New York State Law limits the unassigned fund balance to 4% of the subsequent year's adopted budget.

The Capital Projects Fund had a negative unassigned fund balance of \$220,000 at June 30, 2018. The deficit was caused by the accounting treatment of bond anticipation notes and will be eliminated when the debt is converted to long term financing.

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

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

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

Total fund balance of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheet.

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

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

1. Long-term revenue differences:

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

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

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

2. Capital related differences:

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

3. Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 4 – PARTICIPATION IN BOCES

During the year ended June 30, 2018, the Monticello Central School District was billed \$14,918,971 for BOCES administrative and program costs. General purpose financial statements for Sullivan County are available from the BOCES administrative office at 6 Weirk Avenue, Liberty, NY 12754.

The School District's share of BOCES income amounted to \$2,455,278.

NOTE 5 – CASH AND INVESTMENTS

The Monticello Central School District investment policies are governed by State statutes. In addition, the District has its own written investment policy. Monticello Central School District monies must be deposited in FDIC-Insured commercial banks or trust companies located within the State.

The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

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

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

NOTE 5 – CASH AND INVESTMENTS (Continued)

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

Irrevocable Standby Letter of Credit \$ 13,921,000

Collateralized with securities held by the pledging financial institution, or its trust department, but not in the District's name. \$ 19,678,015

NOTE 6 – CAPITAL ASSETS

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

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS/ RECLASSIFICATIONS	ENDING BALANCE
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 135,333	\$ -	\$ -	\$ 135,333
Construction In Progress	<u>80,557</u>	<u>385,194</u>	<u>-</u>	<u>465,751</u>
Total non-depreciable historical cost	<u>215,890</u>	<u>385,194</u>	<u>-</u>	<u>601,084</u>
Capital assets that are depreciated:				
Building and Improvements	58,454,259	-	-	58,454,259
Machinery and Equipment	940,749	101,537	-	1,042,286
Vehicles	<u>6,339,417</u>	<u>594,104</u>	<u>530,959</u>	<u>6,402,562</u>
Total depreciable historical cost	<u>65,734,425</u>	<u>695,641</u>	<u>530,959</u>	<u>65,899,107</u>
Less accumulated depreciation:				
Building and Improvements	19,999,090	1,226,724	-	21,225,814
Machinery and Equipment	636,232	43,587	-	679,819
Vehicles	<u>3,446,308</u>	<u>610,807</u>	<u>525,063</u>	<u>3,532,052</u>
Total Accumulated Depreciation	<u>24,081,630</u>	<u>1,881,118</u>	<u>525,063</u>	<u>25,437,685</u>
Total historical cost, net	<u>\$ 41,868,685</u>	<u>\$ (800,283)</u>	<u>\$ 5,896</u>	<u>\$ 41,062,506</u>
Depreciation expense was charged to Governmental functions as follows:				
General Support		\$ 55,665		
Instruction		1,253,730		
Pupil Transportation		567,002		
School Lunch Program		<u>4,721</u>		
		<u>\$ 1,881,118</u>		

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

NOTE 7 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2018 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>	<u>INTERFUND REVENUES</u>	<u>INTERFUND EXPENDITURES</u>
General Fund	\$ 2,499,208	\$ -	\$ 10,763	\$ 604,281
Special Aid Fund	-	2,463,863	604,281	6,474
Capital Fund	-	-	-	4,289
School Lunch Fund	-	-	-	-
Total Governmental Activities	<u>2,499,208</u>	<u>2,463,863</u>	<u>615,044</u>	<u>615,044</u>
Agency Fund	-	34,995	-	-
Expendable Trust Fund	-	350	-	-
Total Fiduciary Funds	<u>-</u>	<u>35,345</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 2,499,208</u>	<u>\$ 2,499,208</u>	<u>\$ 615,044</u>	<u>\$ 615,044</u>

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

The District periodically transfers funds between the General Fund and Debt Service Fund to make debt service payments and to the Special Aid Fund to cover expenses that are not reimbursed by Federal or State Grants.

The District transfers investment income earned in the Capital Projects Fund to the Debt Service Fund for the purpose of making future debt service payments.

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

NOTE 8 -- INVENTORY

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

Food & Supplies	<u>\$ 14,765</u>
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MONTICELLO CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 - LIABILITIES

A. Pension Plans and Post-Employment Benefits

1. General Information

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

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

As an employer, you make contributions to the New York State Teachers' Retirement System, a cost sharing, multiple employer defined benefit pension plan administered by the New York State Teachers' Retirement Board.

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

b. Employees' Retirement System (ERS)

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

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

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

NOTE 9 – LIABILITIES (Continued)

3. Funding Policy

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

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

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

For the NYSTRS, employers are required to contribute at an actuarially determined rate, currently 9.80% of the annually covered payroll for the fiscal year ended June 30, 2018. Rates applicable to the fiscal years ended June 30, 2017 and 2016, were respectively 11.72% and 13.26%.

For the NYSERS, the NYS Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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

	<u>ERS</u>	<u>TRS</u>
2018	\$ 1,038,813	\$ 2,753,319
2017	992,650	3,289,984
2016	1,156,937	3,743,339

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

NOTE 9 – LIABILITIES (Continued)

B. Indebtedness

1. Long-Term Debt

a. Long-Term Debt Interest

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

Interest Paid	\$ 525,669
Less: Interest Accrued in the Prior Year	(229,173)
Plus: Interest Accrued in the Current Year	<u>147,808</u>
Total Expense	<u>\$ 444,304</u>

b. Changes

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

	BALANCE 07/01/17	ADDITIONS	DELETIONS	BALANCE 06/30/18	AMOUNTS DUE WITHIN ONE YEAR
Serial Bonds	\$ 12,660,000	\$ -	\$ 3,515,000	\$ 9,145,000	\$ 3,705,000
Energy Performance Contract	2,738,109	-	297,245	2,440,864	303,580
Compensated Absences	1,134,325	-	5,695	1,128,630	183,118
Total OPEB Liability (Restated)	<u>67,367,013</u>	<u>4,315,223</u>	<u>4,876,982</u>	<u>66,805,254</u>	<u>1,500,000</u>
TOTAL	<u>\$ 83,899,447</u>	<u>\$ 4,315,223</u>	<u>\$ 8,694,922</u>	<u>\$ 79,519,748</u>	<u>\$ 5,691,698</u>

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

c. Maturity

The following is a summary of maturity of indebtedness:

PURPOSE	ISSUE DATE	FINAL MATURITY	INTEREST RATE	OUTSTANDING 06/30/18
Refunded Bond Issue	2015	2020	3.00%-5.00%	\$ 6,820,000
Excel Project	2010	2025	3.00%-4.00%	2,325,000
Energy Performance Contract	2015	2025	2.120%	<u>2,440,864</u>
				<u>\$ 11,585,864</u>

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

NOTE 9 – LIABILITIES (Continued)

The following is a summary of maturing debt service requirements.

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2019	\$ 4,008,580	\$ 345,271
2020	4,115,049	174,795
2021	676,657	87,993
2022	693,407	69,607
2023	715,299	49,965
2024-2026	<u>1,376,872</u>	<u>42,140</u>
TOTAL	<u>\$ 11,585,864</u>	<u>\$ 769,771</u>

2. Short-Term Debt

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

<u>DESCRIPTION</u>	<u>RATE</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>ENDING BALANCE</u>
Bus Purchases	1.59%	<u>\$ 330,000</u>	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 220,000</u>

Interest expense on short term debt consisted of the following:

Interest Paid	\$ 6,600
Less: Interest Accrued In Prior Year	(4,950)
Plus: Interest Accrued In Current Year	<u>2,332</u>
TOTAL EXPENSE	<u>\$ 3,982</u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

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

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

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

B. Tax Certiorari Proceedings

The District may be liable for refunds related to tax assessment reviews brought on by various taxpayers. Individually, these claims would not have a material impact on the financial statements.

However, in the aggregate, if settled unfavorably, they may be material to the financial statements. The outcome cannot be reasonably estimated at this time. The District has funded its Tax Certiorari Reserve to be prepared in the event of unfavorable outcomes.

C. Other Items

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

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

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

General Information about the OPEB Plan

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

Benefits Provided - The District provides healthcare benefits for retirees, their dependents and surviving spouses. The benefit terms and contributions required by retirees vary based on the union contract that governs the employee, and years of service with the District. The District also reimburses the cost of Medicare Part B premiums to both retirees and covered spouses. Retirees and surviving spouses contribute at rates ranging from 50% to 100% of premiums depending on the type of coverage and the individual contractual terms.

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

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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

Inactive employees or beneficiaries currently receiving benefit payments	222
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>573</u>
	<u>795</u>

Total OPEB Liability

The District's total OPEB liability of \$66,805,254 was measured as of June 30, 2018, using an actuarial valuation as of June 30, 2016.

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

Measurement Date	June 30, 2018
Discount Rate	3.87%
Inflation	2.20%
Real Wage Growth	1.00%
Wage Inflation	3.20%
Salary Increases, Including Wage Inflation	10.47%-3.20%
Initial Healthcare Cost Trend Rate	5.50%
Ultimate Healthcare Cost Trend Rate	3.84%

The actuarial cost method used in the valuation was Entry Age Normal.

The discount rate was based on the Bond Buyer General Obligation 20 – Year Municipal Bond Index.

Mortality rates were based on April 1, 2010 – March 31, 2015 NYSLRS experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2017		\$ 67,367,013
Changes for the Year -		
Service Cost	1,930,488	
Interest	2,384,735	
Changes of Benefit Terms	-	
Differences between expended and actual experience	-	
Changes in assumptions or other inputs	(3,368,351)	
Benefit Payments	<u>(1,508,631)</u>	
Net Changes		<u>(561,759)</u>
Balance at June 30, 2018		<u>\$ 66,805,254</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1 – percentage point higher (4.87%) than the current discount rate:

	1% Decrease <u>(2.87%)</u>	Current Assumption <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
Total OPEB Liability	<u>\$ 81,716,520</u>	<u>\$ 66,805,254</u>	<u>\$ 57,733,863</u>

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

	1% Decrease	Current Assumption	1% Increase
Total OPEB Liability	<u>\$ 56,925,459</u>	<u>\$ 66,805,254</u>	<u>\$ 82,996,493</u>

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

NOTE 11 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$3,969,539. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	<u>(3,022,667)</u>
Total	<u>\$ -</u>	<u>\$ (3,022,667)</u>

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

2019	\$ (345,684)
2020	(345,684)
2021	(345,684)
2022	(345,684)
2023	(345,684)
Thereafter	<u>(1,294,247)</u>
TOTAL	<u>\$ (3,022,667)</u>

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

Pension Plan Descriptions and Benefits Provided

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

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

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

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

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

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2017	June 30, 2016
Net pension asset/(liability)	\$ (749,552)	\$ 1,346,472
District's portion of the Plan's total net pension asset/(liability)	0.0232243%	0.177144%

For the year ended June 30, 2018, the District recognized pension expense of \$969,317 for ERS and \$3,418,313 for TRS. At June 30, 2018, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 267,341	\$ 1,107,816	\$ 220,920	\$ 524,974
Changes of assumptions	497,015	13,700,619	-	-
Net difference between projected and actual earnings on pension plan investments	1,088,664	-	2,148,914	3,171,332
Changes in proportion and differences between the District's contributions and proportionate share of contributions	198,901	395,680	41,116	211,257
District's contributions subsequent to the measurement date	<u>270,856</u>	<u>2,755,319</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,322,777</u>	<u>\$ 17,959,434</u>	<u>\$ 2,410,950</u>	<u>\$ 3,907,563</u>

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

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

District contributions subsequent to the measurement date of \$270,856 for ERS and \$2,755,319 for TRS will be recognized as a reduction of the net pension liability in the year June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
2018	\$ -	\$ 344,710
2019	223,604	3,657,885
2020	173,869	2,627,060
2021	(521,535)	677,065
2022	(234,967)	2,619,513
2023	-	1,370,319
Thereafter	-	-
TOTAL	<u>\$ (359,029)</u>	<u>\$ 11,296,552</u>

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.0%	7.25%
Salary scale	3.8%	1.90%-4.72%
Decrement tables	April 1, 2010-March 31, 2015	July 1, 2009-June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.5%	2.50%

For ERS, annuitant mortality rates are based on April 1, 2010-March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis.

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

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

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

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

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

Discount Rate

The discount rate used to calculate the total pension liability was 7.00% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employees will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

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

<u>ERS</u>	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension asset (liability)	\$ (5,671,309)	\$ (749,552)	\$ 3,414,059
<u>TRS</u>	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension asset (liability)	\$ (23,195,732)	\$ 1,346,472	\$ 21,899,350

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1 through June 30, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$270,856.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October, and November through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, based on paid TRS wages multiplied by the employer's contribution rate by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to \$2,962,858.

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

NOTE 13 – TAX ABATEMENTS

The District is subject to tax abatement agreements entered into by the County of Sullivan Industrial Development Agency pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York. For the year ended June 30, 2018, the District received \$915,469 in tax abatement payments, which resulted in abated property taxes totaling \$832,664.

NOTE 14 – EVENTS OCCURRING AFTER REPORTING DATE

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

NOTE 15 – CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the Statement requires the District to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. The implementation of the Statement also requires the District to report a deferred outflow and/or inflow of resources for the effect of the differences between expected and actual experience and changes in assumptions.

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

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

Net position beginning of year, as previously stated	\$ 52,059,686
GASB Statement No. 75 implementation:	
Beginning Total OPEB Liability (GASB 75)	(67,367,013)
Eliminate Net OPEB Obligation (GASB 45)	16,648,002
GASB Statement No. 86 implementation:	
Eliminate Deferred Charge on Refunding, net	<u>(249,070)</u>
Net position beginning of year, as restated	<u>\$ 1,091,605</u>

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

REVENUES	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2017 ACTUALS
Local Sources:					
Real Property Taxes	\$ 43,330,000	\$ 43,330,000	\$ 41,064,162	\$ (2,265,838)	\$ 40,958,038
Other Tax Items	1,223,820	1,223,820	3,382,758	2,158,938	3,484,036
Charges For Services	152,500	152,500	207,303	54,803	153,930
Use Of Money And Property	267,712	267,712	333,856	66,144	351,995
Sale Of Property And Compensation For Loss	200	54,969	159,087	104,118	79,440
Miscellaneous Local Sources	765,000	774,000	1,944,031	1,170,031	1,923,295
Interfund Revenues	-	-	754	754	1,549
State Sources:					
Basic Formula	29,205,763	29,205,763	29,130,732	(75,031)	27,531,987
Lottery Aid	1,896,303	1,896,303	3,842,421	1,946,118	3,527,887
BOCES	2,888,472	2,888,472	2,455,278	(433,194)	2,402,769
Other	1,194,780	1,194,780	540,904	(653,876)	803,965
Federal Sources	75,000	75,000	139,977	64,977	121,656
TOTAL REVENUES	80,999,550	81,063,319	83,201,263	2,137,944	81,340,547
OTHER FINANCING SOURCES					
Interfund Transfers	-	-	10,763	10,763	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	80,999,550	81,063,319	83,212,026	\$ 2,148,707	81,340,547
FUND BALANCE					
Appropriated Fund Balance	4,300,000	4,300,000			
Appropriated Reserves	-	350,000			
Prior Year Encumbrances	-	1,177,012			
TOTAL FUND BALANCE	4,300,000	5,827,012			
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE	\$ 85,299,550	\$ 86,890,331			

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

EXPENDITURES	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	ENCUMBRANCES	UNENCUMBERED BALANCES	2017 ACTUALS
General Support:						
Board Of Education	\$ 85,460	\$ 86,666	\$ 70,683	\$ 275	\$ 15,708	\$ 70,395
Central Administration	259,150	283,305	278,011	-	5,294	236,969
Finance	809,378	869,372	816,847	24,000	28,525	750,023
Staff	281,955	339,737	300,060	-	39,677	250,907
Central Services	5,136,986	5,487,375	4,482,490	416,795	588,090	3,994,284
Special Items	1,481,872	1,508,223	1,478,155	-	30,068	1,544,094
Instructional:						
Instruction, Administration And Improvement	3,586,303	3,637,974	3,456,236	10,925	170,813	3,353,744
Teaching:						
Regular School	23,212,905	23,274,853	22,175,035	271,754	828,064	22,285,322
Programs For Children With Handicapped						
Conditions	14,260,904	16,195,618	15,838,337	118,399	238,882	14,622,253
Occupational Education	1,575,000	1,473,768	1,473,768	-	-	1,497,630
Special Schools	344,000	352,132	337,120	-	15,012	371,236
Instructional Media	1,484,516	1,234,826	1,170,726	7,264	56,836	1,291,306
Pupil Services	3,519,966	3,638,293	3,368,154	4,122	266,017	3,307,015
Pupil Transportation	4,438,399	4,423,909	4,186,150	1,375	236,384	3,867,790
Community Services	28,331	28,901	28,897	-	4	28,331
Employee Benefits	19,940,436	18,971,390	18,491,284	7,331	472,775	18,880,848
Debt Service:						
Principal	3,895,000	3,922,245	3,922,245	-	-	3,916,042
Interest	583,989	556,744	532,269	-	24,475	707,479
TOTAL EXPENDITURES	84,924,550	86,285,331	82,406,467	862,240	3,016,624	80,975,668
OTHER USES						
Interfund Transfers Out	375,000	605,000	604,281	-	719	1,201,750
TOTAL EXPENDITURES AND OTHER USES	\$ 85,299,550	\$ 86,890,331	\$ 83,010,748	\$ 862,240	\$ 3,017,343	\$ 82,177,418
NET CHANGE IN FUND BALANCE			201,278			(836,871)
FUND BALANCE - Beginning Of Year			25,823,736			26,660,607
FUND BALANCE - End Of Year			\$ 26,025,014			\$ 25,823,736

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2018</u>
Service Cost	\$ 1,930,488
Interest	2,384,735
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(3,368,351)
Benefit Payments	<u>(1,508,631)</u>
Net Change in Total OPEB Liability	(561,759)
Beginning Total OPEB Liability	<u>67,367,013</u>
Ending Total OPEB Liability	<u>\$ 66,805,254</u>
Covered Employee Payroll	<u>\$ 40,804,583</u>
Total OPEB Liability as a Percentage of Covered Payroll	163.72%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

Changes of Benefit Terms

None

Changes of Assumptions or Other Inputs

The change in the discount rate is as follows:

June 30, 2017 Measurement Date:	3.58%
June 30, 2018 Measurement Date:	3.87%

Trust Assets

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

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

TRS System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.177144%	0.182945%	0.179337%	0.177923%
The District's proportionate share of the net pension asset (liability)	\$ 1,346,472	\$ (1,959,421)	\$ 18,627,421	\$ 19,819,530
The District's covered employee payroll	28,071,533	28,230,312	26,938,882	26,973,701
The District's proportionate share of the net pension asset (liability) as a percentage of covered employee payroll	4.80%	6.94%	69.15%	73.48%
Plan Fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.46%	111.48%

ERS System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension liability	0.232243%	0.0240426%	0.0242518%	0.0235178%
The District's proportionate share of the net pension liability	\$ (749,552)	\$ (2,259,093)	\$ (3,892,474)	\$ (794,489)
The District's covered employee payroll	7,405,398	6,821,965	6,521,948	6,513,081
The District's proportionate share of the net pension liability as a percentage of covered employee payroll	10.12%	33.12%	59.68%	12.20%
Plan Fiduciary net position as a percentage of the total pension liability	98.24%	94.7%	90.7%	97.9%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

TRS System

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 2,755,319	\$ 3,289,984	\$ 3,743,339	\$ 4,722,386	\$ 4,383,226	\$ 3,276,702	\$ 3,011,458	\$ 2,358,293	\$ 1,796,543	\$ 2,075,075
Contribution in relation to the contractually required contribution	<u>2,755,319</u>	<u>3,289,984</u>	<u>3,743,339</u>	<u>4,722,386</u>	<u>4,383,226</u>	<u>3,276,702</u>	<u>3,011,458</u>	<u>2,358,293</u>	<u>1,796,543</u>	<u>2,075,075</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered employee payroll	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%	8.62%	6.19%	7.63%

ERS System

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 1,038,813	\$ 992,650	\$ 1,156,937	\$ 1,175,280	\$ 1,284,389	\$ 1,197,522	\$ 958,072	\$ 792,060	\$ 533,877	\$ 478,152
Contribution in relation to the contractually required contribution	<u>1,038,813</u>	<u>992,650</u>	<u>1,156,937</u>	<u>1,175,280</u>	<u>1,284,389</u>	<u>1,197,522</u>	<u>958,072</u>	<u>792,060</u>	<u>533,877</u>	<u>478,152</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered employee payroll	14.03%	14.55%	17.74%	18.05%	19.95%	N/A	N/A	N/A	N/A	N/A

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
GENERAL FUND
YEAR ENDED JUNE 30, 2018

ADOPTED BUDGET	\$ 85,299,550
ADDITIONS:	
Encumbrances From Prior Year	1,177,012
Appropriated Reserves	350,000
Supplemental Appropriations	<u>63,769</u>
FINAL BUDGET	<u>\$ 86,890,331</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2018-2019 Voter Approved Expenditure Budget		<u>\$ 89,826,369</u>
Maximum allowed (4% of Budget)		<u>\$ 3,593,055</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 4,662,240	
Unassigned Fund Balance	<u>9,019,499</u>	
Total Unrestricted Fund Balance		13,681,739
Less:		
Appropriated Fund Balance	3,800,000	
Encumbrances included in Assigned Fund Balance	<u>862,240</u>	
Total Adjustments		<u>4,662,240</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		<u>\$ 9,019,499</u>
Actual Percentage		10.04%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

PROJECT TITLE	ORIGINAL APPROPRIATIONS	REVISED APPROPRIATIONS	I EXPENDITURES		UNEXPENDED BALANCE	I METHODS OF FINANCING I		FUND BALANCE JUNE 30, 2018
			PRIOR YEARS	CURRENT YEAR		LOCAL SOURCES	TOTAL	
KLR Transformer	\$ 454,000	\$ 454,000	\$ 4,000	\$ 196,758	\$ 251,242	\$ 454,149	\$ 454,149	\$ 253,391
Cooke Transformer	469,000	469,000	4,000	188,436	276,564	469,161	469,161	276,725
KLR Wall Emergency	500,000	600,000	594,097	-	5,903	600,022	600,022	5,925
Bus Purchases	1,150,000	1,150,000	1,146,030	-	3,970	926,030	926,030	(220,000)
Tennis Courts	650,000	650,000	80,820	-	569,180	650,201	650,201	569,381
HS Dance Floor	20,000	20,000	-	15,711	4,289	15,711	15,711	-
HS/KLR Gym Floor	96,451	96,451	11,230	9,665	75,535	96,481	96,481	75,565
				\$ 410,571				\$ 960,987

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2018

Capital Assets, Net	\$ 41,062,506
Less: Outstanding Bonds	(9,145,000)
Outstanding Energy Performance Contract	(2,440,864)
Outstanding Bond Anticipation Notes	<u>(220,000)</u>
Net Investment in Capital Assets	<u>\$ 29,256,642</u>

SEE ACCOMPANYING NOTES AND AUDITORS' REPORT

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

<u>GRANTOR AGENCY</u>	<u>CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>EXPENDITURES CURRENT YEAR</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Solid Waste Management Grant	10.762	N/A	\$ 17,752
Equipment Assistance	10.579	005-17-0034	32,775
Passed Through State Dept. of Education:			
School Lunch Program	10.555	N/A	884,853
School Breakfast Program	10.553	N/A	402,716
Summer Food Service Program	10.559	N/A	72,026
School Snack Program	10.555	N/A	<u>1,702</u>
Total Child Nutrition Cluster			<u>1,361,297</u>
Passed Through State Dept. of Health:			
Child And Adult Care Food Program	10.558	N/A	83,387
Passed Through State Dept. of Health and Human Services:			
Commodity Supplement Food Program (Non-cash)	10.565	N/A	<u>42,772</u>
TOTAL U.S. DEPT. OF AGRICULTURE			<u>1,537,983</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
Title I	84.010A	021-18-3320	1,706,318
Title I	84.010A	021-17-3320	102,854
Title I, School Improvement	84.010A	011-18-2549	19,250
Title III, A	84.365A	293-17-3320	9,555
Title III, A	84.365A	293-18-3320	19,062
Title VI, B	84.358B	006-18-3320	20,549
Title VI, B	84.358B	006-17-3320	717
IDEA, Part B	84.027A	032-18-0969	882,805
IDEA, Pre-School	84.173A	033-18-0969	<u>33,319</u>
Total Special Education Cluster			<u>916,124</u>
Title II, A	84.367A	147-18-3320	170,829
Title II, A	84.367A	147-17-3320	<u>12,808</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>2,978,066</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 4,516,049</u>

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

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

Governmental Funds:	
Special Aid Fund	\$ 3,028,593
School Lunch Fund	<u>1,487,456</u>
 TOTAL	 <u>\$ 4,516,049</u>

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

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

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Mongaup Valley, New York
October 1, 2018

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

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in cursive script, reading "Cooper Quinn LLP".

Mongaup Valley, New York
October 1, 2018

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

Summary of Auditors' Results:

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

Title I	84.010A
Title I – School Improvement	84.010A
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Monticello Central School District was determined to be a low-risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

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

No findings noted in the prior year.

INDEPENDENT AUDITORS' REPORT

To The President and Board Members of
The Board of Education
Monticello Central School District
Monticello, New York

We have audited the accompanying statements of assets, liabilities and fund balance – cash basis, of the Extraclassroom Activity Funds of the Monticello Central School District as of June 30, 2018, and the related statements of cash receipts, disbursements and changes in fund balance – cash basis for the year then ended, and the related notes to the financial statements, which collectively comprise the financial statements of the Extraclassroom Activity Funds of the Monticello Central School District as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

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

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

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

Opinion

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

Basis of Accounting

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

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



Mongaup Valley, New York
October 1, 2018

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

ASSETS	
Cash – High School	\$ 104,493
Cash – Middle School	<u>26,981</u>
TOTAL ASSETS	<u>\$ 131,474</u>
FUND BALANCE	<u>\$ 131,474</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

<u>ACTIVITY</u>	<u>CASH & FUND</u>			<u>CASH & FUND</u>
	<u>BALANCE</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>BALANCE</u>
	<u>07/01/17</u>			<u>06/30/18</u>
Class of 2017	\$ 12,954	\$ 88	\$ 8,877	\$ 4,165
Class of 2018	1,881	41,500	43,381	-
Class of 2019	1,903	8,777	8,413	2,267
Class of 2020	496	7,795	3,854	4,437
Culinary Club	587	768	598	757
Career Readiness	5,391	4,729	3,508	6,612
Performing Arts	1,406	4,584	3,821	2,169
Key Club	529	269	247	551
Athletic Association	27,935	15,443	26,539	16,839
Honor Society	397	616	887	126
Interact Club	1,188	343	128	1,403
Student Council	5,567	10,223	13,162	2,628
NY Sales Tax	1,462	4,387	4,833	1,016
Yearbook	876	13,147	10,158	3,865
Debate Club	30,696	3,835	5,178	29,353
ECO Club	2,185	-	-	2,185
Academy of Finance	14,173	11,312	20,481	5,004
Teens Against Cancer	264	-	-	264
Food and Toy Drive	16,430	10,318	7,734	19,014
LGBTS	801	-	-	801
Monticello Dance Co.	1,425	11,042	11,481	986
Art Club	51	-	-	51
TOTAL	<u>\$ 128,597</u>	<u>\$ 149,176</u>	<u>\$ 173,280</u>	<u>\$ 104,493</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

<u>ACTIVITY</u>	<u>CASH & FUND BALANCE 07/01/17</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>CASH & FUND BALANCE 06/30/18</u>
Junior Honor Society	\$ 488	\$ 368	\$ 846	\$ 10
Student Council	4,744	64	327	4,481
NY Sales Tax	271	6,017	6,115	173
Yearbook	3,492	2,739	5,404	827
Environmental Club	1,822	824	1,014	1,632
Builders Club	49	100	-	149
Red Cross	269	-	-	269
Musical	291	3,395	2,550	1,136
Media Club	570	-	24	546
RJK Activity Fund	544	-	263	281
Team 8J	52	-	52	-
School Store	1	-	-	1
Cooking Club	280	-	-	280
7 th Grade Trip	5,449	-	847	4,602
6 th Grade	3	18,353	15,478	2,878
Class of 2016	<u>9,786</u>	<u>70,274</u>	<u>70,343</u>	<u>9,716</u>
TOTAL	<u>\$ 28,110</u>	<u>\$ 102,134</u>	<u>\$ 103,263</u>	<u>\$ 26,981</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

MONTICELLO CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - DESCRIPTION OF OPERATIONS

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Interest Income

Interest income earned on the bank account during the year has been credited to the Student Council Fund.

Bank Charges

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

Inactive Accounts

Account balances of inactive clubs have been transferred to the Student Council Fund.