

**CORINTH CENTRAL SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2018**

CORINTH CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Corinth Central School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As described in Note 4.A.I to the financial statements, the District changed its method of accounting for *Postemployment Benefits Other than Pensions* in 2017/2018 as required by the provisions of GASB Statement Number 75. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1-A6, budgetary comparison information on pages C1 and C2, schedule of changes in total OPEB liability on page C3, schedules of proportionate share of net pension liability (asset) on page C4 and schedules of district contributions on page C5 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corinth Central School District's basic financial statements. The supplemental information on pages D1 – D3 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 on page F3 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2018, on our consideration of the District's internal control over financial reporting and on 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 District's internal control over financial reporting and compliance.

Marvin and Company, P.C.

Queensbury, NY

October 4, 2018

CORINTH CENTRAL SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDING JUNE 30, 2018

The following discussion and analysis of the Corinth Central School District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2018. This discussion and analysis is intended to serve as an introduction to the District's basic financial statements; we encourage readers to consider the information presented here, in conjunction with information provided in the financial statements.

Financial Highlights

- The District's financial status remained fairly consistent during the 2017-2018 school year. Total net position increased by \$898,836 over the course of the year.
- Overall general fund revenues were \$21 million, approximately \$1.1 million more than expenses.

Overview of the Financial Statements

The District's annual report consists of five parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, supplemental information and the single audit section. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
 - The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
 - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary and supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Statements

The *District-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the assets of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. retirement system liabilities and earned but unused vacation leave).

The District-wide financial statements can be found on pages B1 and B2 of this report.

**CORINTH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2018**

Fund Financial Statements

A *fund* is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**CORINTH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2018**

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$9.96 million at the close of the most recent fiscal year.

Net position (in thousands of dollars)

<u>Governmental Activities</u>	<u>6/30/18</u>	<u>6/30/17</u>
Current and other assets	\$ 5,819	\$ 3,453
Capital assets	15,805	13,825
Net pension asset	394	-
Total assets	\$ 22,018	\$ 17,278
Deferred Outflows of Resources	\$ 6,271	\$ 6,085
Current liabilities	\$ 5,345	\$ 2,593
Long-term liabilities	10,603	10,243
Net pension liability	225	1,222
Total liabilities	\$ 16,173	\$ 14,058
Deferred Inflows of Resources	\$ 2,225	\$ 313
Net position		
Net investment in capital assets	\$ 4,637	\$ 4,701
Restricted	2,731	1,981
Unrestricted	2,523	2,310
Total net position	\$ 9,891	\$ 8,992

The District has earmarked funds for the following purposes:

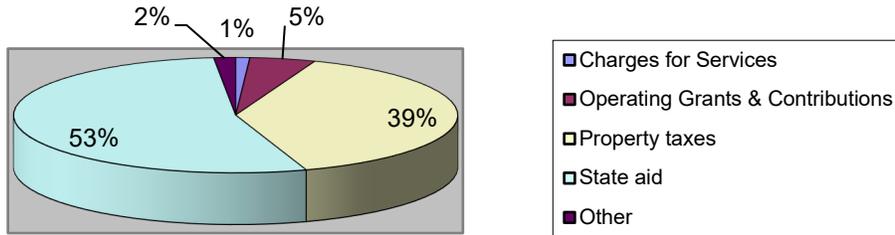
- *Appropriated fund equity of \$235,940.* The District has designated this portion for the subsequent year to reduce the tax levy.
- *Reserve for encumbrances of \$608,020.* Net position within the General fund is reserved to pay for commitments at June 30 that will be reappropriated during the subsequent fiscal year.
- *Capital Reserve \$770,000.* The District has set aside funds to pay for future capital projects.
- *Tax Certiorari Reserve \$1,172,585.* The District will use funds to pay for future potential certiorari claims.
- *Reserve for Employee Benefit Accrued Liabilities of \$125,000.* The District will use these funds to pay accrued employee benefits due upon termination of the employee's service.
- *Reserve for Unemployment Insurance of \$127,856.* The District will use this to pay for unemployment claims.
- *Retirement Contribution Reserve of \$150,000.* The District will use these funds to pay retirement incentives.
- *Insurance Reserve of \$10,000.* The District will use the funds to pay insurance claims.
- *Reserve for Debt of \$375,782.* The District will use the funds to pay debt.

**CORINTH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2018**

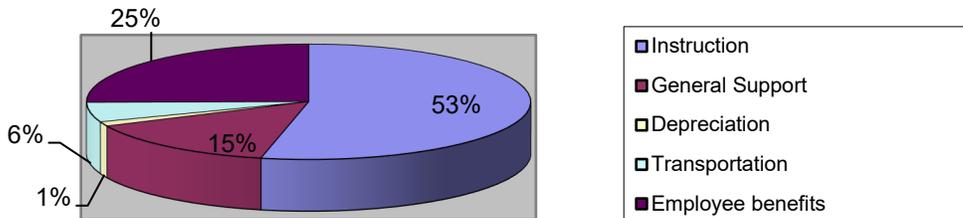
Statement of Activities (in thousands of dollars)

Revenues	<u>2018</u>	<u>2017</u>
Program revenues		
Charges for services	\$ 236	\$ 212
Operating grants	1,101	1,344
General revenues		
Property taxes	8,983	8,802
State aid	12,316	11,372
Other	<u>365</u>	<u>239</u>
Total Revenues	\$ <u>23,001</u>	\$ <u>21,969</u>
Expenses		
Instruction	\$ 10,856	\$ 10,565
General support	2,971	3,578
Debt service	251	193
Transportation	1,115	1,349
Employee benefits	5,121	4,510
Other	<u>428</u>	<u>551</u>
Total Expenses	\$ <u>20,742</u>	\$ <u>20,746</u>
Increase (decrease) in net position	\$ <u>2,259</u>	\$ <u>1,223</u>

Sources of Revenues for Fiscal Year 2018



Expenses for Fiscal Year 2018



**CORINTH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2018**

Financial Analysis of The District's Funds

As explained earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General fund is the chief operating fund of the District. At the end of the fiscal year, cash totaled \$4.6 million, comprising 84% of total assets for the General Fund. \$2.7 million of this amount is held to fund reserves established by the District with the balance available to pay current liabilities.

General Fund Budgetary Highlights

During the year final revenues were over the revised budgetary estimates by \$56 thousand, primarily due to estimated Federal aid. Expenditures and encumbrances were under revised budgetary estimates by \$855 thousand or 4.0%, the majority of which was due to instruction.

The district has been appropriating monies for future capital projects, in an effort to reduce burden on tax payers. The district has established a total capital project reserve of \$770,000 through voter approval of budget votes.

Capital Asset and Debt Administration

Capital Assets

By the end of 2018, the District had invested \$15.8 million, net of accumulated depreciation, in a broad range of capital assets, including school buildings. Total depreciation expense for the year was \$978 thousand while building improvements and additions to equipment and furniture amounted to \$2.9 million.

The following summarizes capital assets, net of accumulated depreciation, at June 30, 2018 and 2017:

	<u>6/30/18</u>	<u>6/30/17</u>
Land	\$ 767,394	\$ 767,394
Construction in progress	2,946,432	617,067
Buildings and improvements	10,482,764	11,113,034
Furniture and equipment	1,608,425	1,327,702
Total Capital Assets, Net of Depreciation	<u>\$ 15,805,015</u>	<u>\$ 13,825,197</u>

Long-Term Debt

At June 30, 2018, the District had \$11.7 million in general obligation bonds and other long-term debt outstanding, which is consistent with last year. (More detailed information about the District's long-term liabilities is presented in Note 2.B.II. to the financial statements.)

The following summarizes long-term liabilities at June 30, 2018 and 2017:

	<u>6/30/18</u>	<u>6/30/17</u>
Serial Bonds and Installment Debt	\$ 8,003,560	\$ 9,125,964
Other Post Employment Benefits	2,886,223	1,745,709
Compensated Absences	606,906	587,330
Net Pension Liability, Proportionate Share	<u>225,285</u>	<u>1,221,686</u>
Total Long-Term Liabilities	<u>\$ 11,721,974</u>	<u>\$ 12,680,689</u>

**CORINTH CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2018**

Economic Factors and Next Year's Budgets and Rates

At the time these financial statements were prepared the school district was aware of the following existing circumstances which could significantly affect the District's financial position in the future.

The Corinth Central School District ended the fiscal year 2017-18, in a firm financial position. The District was able to build on reserves and voters approved establishing a bus purchase reserve.

The 2% tax levy limit will continue to make budgeting a challenge going forward if the State cannot continue to provide adequate State Aid.

The District has negotiated the Administrators, Supervisors, and Confidential staff contracts. The CSEA and CTA contracts are currently being negotiated. The CSEA contract expired June 30, 2018 and the CTA will expire June 30, 2019.

Voters approved a \$12,740,000 capital project on May 17, 2016. Phase 1 of the project has been completed and Phase 2 began in the summer of 2018.

The District has three (3) major tax certiorari cases pending. The District's attorney is intervening on behalf of the district.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, contact the Business Office, Corinth Central School District, at 105 Oak Street, Corinth, New York 12822 (518) 654-9000.

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

ASSETS

Current Assets:	
Cash	\$ 2,036,991
Restricted Cash	2,731,223
Accounts Receivable	4,203
State and Federal Aid Receivable	1,022,219
Due From Other Governments	4,326
Inventories	20,092
Capital Assets, net	15,804,683
Net Pension Asset, Proportionate Share	394,585
Total Assets	22,018,322
Deferred Outflows of Resources	
Loss on Refunding	5,377
Other Post Employment Benefits	144,289
Pensions	6,121,325
Total Deferred Outflows of Resources	6,270,991
Total Assets and Deferred Outflows of Resources	\$ 28,289,313

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 244,765
Accrued Liabilities	5,689
Due to Fiduciary Funds	18
Bond Interest Accrued	90,905
Due to Teachers' Retirement System	857,054
Due to Employees' Retirement System	78,405
Refundable Advances	2,688
Bond Anticipation Notes	3,170,000
Overpayments and Collections in Advance	1,659
Long-Term Liabilities - Due and Payable Within One Year	
Bonds and Installment Debt	894,095
Long-Term Liabilities - Due and Payable After One Year	
Bonds and Installment Debt	6,915,985
Unamortized Bond Premium	193,480
Compensated Absences	606,906
Other Postemployment Benefits Payable	2,886,223
Net Pension Liability, Proportionate Share	225,285
Total Liabilities	16,173,157
Deferred Inflows of Resources	
Other Post Employment Benefits	307,277
Pensions	1,918,156
Total Deferred Inflows of Resources	2,225,433

NET POSITION

Net Investment in Capital Assets	4,636,500
Restricted	2,731,223
Unrestricted	2,523,000
Total Net Position	9,890,723
Total Liabilities, Deferred Outflows of Resources, and Net Position	\$ 28,289,313

See accompanying notes to financial statements.

**CORINTH CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

		Program Revenues		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
FUNCTIONS/PROGRAMS				
General support	\$ 2,971,300	\$ -	\$ -	\$ (2,971,300)
Instruction	10,855,494	73,853	776,801	(10,004,840)
Pupil transportation	1,115,282	-	-	(1,115,282)
Community service	4,993	-	-	(4,993)
Employee benefits	5,121,398	-	-	(5,121,398)
Debt service	251,428	-	-	(251,428)
School lunch program	<u>422,511</u>	<u>161,614</u>	<u>324,370</u>	<u>63,473</u>
Total Functions/Programs	\$ <u>20,742,406</u>	\$ <u>235,467</u>	\$ <u>1,101,171</u>	<u>(19,405,768)</u>
GENERAL REVENUES				
Real property taxes				7,500,783
Other tax items				1,482,620
Use of money and property				10,205
Sale of property and compensation for loss				409
State sources				12,316,424
Federal sources				89,402
Miscellaneous				<u>265,125</u>
Total General Revenues and Special Items				<u>21,664,968</u>
Change in Net Position				<u>2,259,200</u>
Total Net Position - Beginning of Year, as Originally Reported				8,992,219
Cumulative Effect of Change in Accounting Principle				<u>(1,360,696)</u>
Total Net Position - Beginning of Year				<u>7,631,523</u>
Total Net Position - End of Year				<u>\$ 9,890,723</u>

See accompanying notes to financial statements.

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

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets					
Unrestricted Cash	\$ 1,878,408	\$ 69,912	\$ 53,864	\$ 34,807	\$ 2,036,991
Restricted Cash	2,731,223	-	-	-	2,731,223
State and Federal Receivable, net	542,792	226,754	21,569	231,104	1,022,219
Due From Other Governments	-	-	4,326	-	4,326
Due From Other Funds	352,091	-	-	-	352,091
Accounts Receivable	4,203	-	-	-	4,203
Inventories	-	-	20,092	-	20,092
Total Assets	\$ 5,508,717	\$ 296,666	\$ 99,851	\$ 265,911	\$ 6,171,145
Liabilities					
Accounts Payable	\$ 237,700	\$ 6,750	\$ -	\$ 315	\$ 244,765
Accrued Liabilities	5,689	-	-	-	5,689
Due to Other Funds	68	287,228	64,800	13	352,109
Due to Teachers' Retirement System	857,054	-	-	-	857,054
Due to Employees' Retirement System	78,405	-	-	-	78,405
Refundable Advance	-	2,688	-	-	2,688
Bond Anticipation Notes	-	-	-	3,170,000	3,170,000
Overpayments and Collections in Advance	-	-	1,659	-	1,659
Total Liabilities	1,178,916	296,666	66,459	3,170,328	4,712,369
Fund Equity					
Fund Equity:					
Non-spendable	-	-	20,092	-	20,092
Restricted	2,731,223	-	-	-	2,731,223
Committed	-	-	-	-	-
Assigned	843,960	-	13,300	-	857,260
Unassigned	754,618	-	-	(2,904,417)	(2,149,799)
Total Fund Equity	4,329,801	-	33,392	(2,904,417)	1,458,776
Total Liabilities and Fund Equity	\$ 5,508,717	\$ 296,666	\$ 99,851	\$ 265,911	\$ 6,171,145

Amounts reported for governmental activities in the statement of net position are different due to the following:

Total Governmental Fund Equity per above	\$ 1,458,776
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	15,804,683
Government funds report the effect of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(188,103)
Accrued interest expense is reported under the accrual basis.	(90,905)
Long-term liabilities, including bonds payable, installment purchase debt, compensated absences and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(11,303,209)
Net pension asset	394,585
Net pension liability	(225,285)
Deferred outflows of resources - OPEB	144,289
Deferred inflows of resources - OPEB	(307,277)
Deferred inflows of resources - pensions	(1,918,156)
Deferred outflows of resources - pensions	6,121,325
Net Position of Governmental Activities	\$ 9,890,723

CORINTH CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Real Property Taxes and Tax Items	\$ 8,983,403	\$ -	\$ -	\$ -	\$ 8,983,403
Charges for Services	73,853	-	-	-	73,853
Use of Money and Property	10,165	-	40	-	10,205
Sale of Property and Compensation for Loss	409	-	-	-	409
Miscellaneous	238,188	4,311	3,600	19,026	265,125
State Sources	11,661,263	114,445	10,486	655,161	12,441,355
Federal Sources	89,402	662,356	313,884	-	1,065,642
Sales	-	-	161,614	-	161,614
Total Revenues	<u>21,056,683</u>	<u>781,112</u>	<u>489,624</u>	<u>674,187</u>	<u>23,001,606</u>
Expenditures					
General Support	2,319,046	-	-	-	2,319,046
Instruction	10,274,919	770,631	-	-	11,045,550
Pupil Transportation	1,140,691	17,282	-	-	1,157,973
Community Services	4,993	-	-	-	4,993
Employee Benefits	4,803,788	34,686	148,063	-	4,986,537
Debt Service	1,312,441	-	-	-	1,312,441
Cost of Sales	-	-	421,298	-	421,298
Capital Outlay	-	-	-	2,400,206	2,400,206
Total Expenditures	<u>19,855,878</u>	<u>822,599</u>	<u>569,361</u>	<u>2,400,206</u>	<u>23,648,044</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,200,805</u>	<u>(41,487)</u>	<u>(79,737)</u>	<u>(1,726,019)</u>	<u>(646,438)</u>
Other Financing Sources And (Uses)					
Interfund Transfers, net	<u>(106,487)</u>	<u>41,487</u>	<u>65,000</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(106,487)</u>	<u>41,487</u>	<u>65,000</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>1,094,318</u>	<u>-</u>	<u>(14,737)</u>	<u>(1,726,019)</u>	<u>(646,438)</u>
Fund Equity, Beginning of Year	<u>3,235,483</u>	<u>-</u>	<u>48,129</u>	<u>(1,178,398)</u>	<u>2,105,214</u>
Fund Equity, End of Year	<u>\$ 4,329,801</u>	<u>\$ -</u>	<u>\$ 33,392</u>	<u>\$ (2,904,417)</u>	<u>\$ 1,458,776</u>

See accompanying notes to financial statements.

B4.

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

Net changes in fund equity - total governmental funds	\$	(646,438)
<p>Capital outlays for the purchase of capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expense in the statement of activities.</p>		
	Depreciation expense \$	(977,910)
	Capital outlays	2,957,396
		1,979,486
<p>Accrued interest expense does not require the expenditure of current resources and is, therefore, not reported as an expenditure in the governmental funds. The increase in accrued interest increases expenses in the statement of activities.</p>		
		(59,955)
<p>Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		1,087,384
<p>Amortization of bond premium and loss on refunding bonds is an adjustment to interest expense in the statement of activities.</p>		
		33,585
<p>Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:</p>		
	Other Postemployment Benefits \$	57,194
	Compensated Absences	(19,576)
	Adjustments for GASB 68 pension items	(172,480)
		(134,862)
Change in net position - governmental activities	\$	2,259,200

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

	Agency	Private Purpose Trusts
ASSETS		
Cash - unrestricted	\$ 219,854	\$ -
Cash - restricted	43,496	162,164
Due from other funds	68	-
Total Assets	\$ 263,418	\$ 162,164
LIABILITIES		
Extraclassroom activity balances	\$ 43,496	\$ -
Due to other funds	50	-
Other liabilities	219,872	-
Total Liabilities	\$ 263,418	-
NET POSITION		
Reserved for scholarships		\$ 162,164

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

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	\$ 5,901
Investment earnings	166
Total Additions	6,067
DEDUCTIONS	
Scholarships and awards	6,550
Change in Net Position	(483)
Net Position - Beginning of year	162,647
Net Position - End of year	\$ 162,164

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Corinth Central School District ("the District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standards-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

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

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

The accompanying financial statements present the activities of the District and its component unit. The District is not a component unit of another reporting entity.

The decision to include a potential component unit in the District's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of an entity included in the District's reporting entity:

The Extraclassroom Activity Funds

The extraclassroom activity funds of the District represents funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions, and the designation of student management and the cash and investment balances are reported in the Trust and Agency Fund of the District. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office, located at 105 Oak Street, Corinth, New York. The District accounts for assets held as agent for various student organizations in the agency fund.

B. Joint Venture

The District is a component district of the Washington Saratoga Warren Hamilton Essex Counties 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. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Joint Venture

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of 1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (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, programs, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year ended June 30, 2018, the District was billed \$1,419,687 for BOCES administrative and program costs.

The District's share of BOCES Aid amounted to \$554,800.

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

C. Basis of Presentation

District-wide statements

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

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

Fund financial statements

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

Fund financial statements

The District reports the following major funds:

I. Governmental Funds

General Fund

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

Special Aid Fund

These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund

Used to account for transactions of lunch and breakfast programs.

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 and equipment.

II. Fiduciary Funds

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee and 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:

a. Private Purpose Trust Funds

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

b. Agency Funds

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basis of Accounting/Measurement Focus

General Information

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

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On 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, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, pensions, compensated absences, and postemployment benefits 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. Refundable Advances/Overpayments and Collections in Advance

Refundable advances arise when resources are received by the 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 District has legal claim to the resources, the liability for refundable advances is removed and revenue is recognized.

F. Property Taxes

I. Calendar

Real property taxes are levied annually by the Board of Education no later than August 31, and became a lien on August 22, 2017. Taxes were collected during the period September 1 through October 31, 2017.

II. Enforcement

Uncollected real property taxes are subsequently enforced by Saratoga and Warren Counties in which the District is located. An amount representing uncollected real property taxes transmitted to the county for enforcement is paid by the county to the District no later than the forthcoming April 1.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Restricted Resources

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

H. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the 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 during the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not located in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. There were no supplemental appropriations during the current year.
- e. Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.
- f. Budgets are established and used for individual capital project expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

II. Encumbrances

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Budgetary Procedures and Budgetary Accounting

III. Budget Basis of Accounting

Under GASB No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for its special revenue funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

I. Cash and Investments

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

The District investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. 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 demand and 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 the State and its municipalities and School Districts. Investments are stated at fair value. Certificates of deposit, if any, are classified as investments in these financial statements.

J. Accounts Receivable

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

K. Inventories

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

L. Interfund Transfers

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Interfund Transfers

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

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

Refer to Note 2.A.II. for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

M. Equity Classifications

District-wide Statements

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

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

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

Unrestricted net position - reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Fund Statements

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

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 equity includes the inventory recorded in the School Lunch Fund of \$20,092.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Employee Benefits Accrued Liabilities Reserve

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

Capital

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

Debt Service

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

Insurance

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

Retirement Contributions

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Tax Certiorari Reserve

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

Unemployment Insurance Reserve

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

Restricted fund equity includes the following:

General Fund:	
Employee Benefits Accrued Liabilities	\$ 125,000
Capital	770,000
Debt Service	375,782
Insurance	10,000
Retirement Contributions	150,000
Tax Certiorari	1,172,585
Unemployment Insurance	<u>127,856</u>
Total restricted fund equity	<u>\$ 2,731,223</u>

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund equity as of June 30, 2018.

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted as the end of the fiscal year. Fund balance of the school lunch fund of \$13,300 is considered assigned. All encumbrances of the General Fund are classified as Assigned Fund Equity in the General Fund. Encumbrances reported in the General Fund amounted to \$608,020. Appropriated fund equity in the General Fund is \$235,940. The remaining fund equity in the other funds is also reported as assigned.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund equity 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.

Purpose of Encumbrances

General Fund	
General Support	\$ 96,089
Instruction	26,634
Pupil Transportation	243,481
Employee Benefits	115,723
Debt Services	<u>126,093</u>
	<u>\$ 608,020</u>

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. Deficit fund equity in governmental funds are classified as unassigned. In funds other than the General Fund, the unassigned classification is used to report a deficit fund equity resulting from overspending for specific purposes for which amounts had been restricted 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 budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The District did not exceed this limit at June 30, 2018.

Order of Use of Fund Equity:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Postemployment Benefits

In addition to providing the retirement benefits described in Note 2.B.I, the District provides postemployment health insurance coverage to its retired employees in accordance with the provisions of the employment contract negotiated between the District and its employee groups. Currently 38 retirees meet those eligibility requirements. The plan pays for 80% of the cost of premiums for teachers as established as of the last day of employment, and any increases in the rate after such date will be borne by the employee. When the accumulated sick pay amount is exhausted, the insurance payments become the responsibility of the retiree. See Note 4 for additional information related to postemployment benefits.

O. Capital Assets

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair value at the time received.

Land and construction in progress are not depreciated. Capitalization thresholds (the dollar amount above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life In Years</u>
Building and Improvements	\$ 1,000	SL	20-50
Furniture and equipment	\$ 1,000	SL	5-20

P. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the 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 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. Deferred Outflows and Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify related to pensions reported in the district-wide statement of net position. The first 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 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 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.

Q. Short-term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The district did not issue or redeem any revenue or tax anticipation notes during the current year.

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

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. The district issued two BAN's totaling \$3,170,000 during the current year.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

R. Accrued Liabilities and Long-term Obligations

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

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

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

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

a. Total Fund Equity of Governmental Fund vs. Net Position of Governmental Activities:

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

b. Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Equity and the Statement of Activities fall into one of five broad categories.

Long-Term Revenue and Expense Differences

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

S. *Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements*

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Pension Differences

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

OPEB Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

T. *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, postemployment benefits, net pension asset/liability, potential contingent liabilities, liabilities for tax certiorari claims, deferred inflows/outflows, and useful lives of long-term assets.

U. *Vested Employee Benefits*

District employees are granted vacation in varying amounts, based principally 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. Sick leave use is based on first-in, first-out (FIFO) basis.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U. Vested Employee Benefits

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 based on the applicable contract rates in effect at year-end.

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

V. Implementation of 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 has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending June 30, 2018. See note 4.A.I.

GASB has issued Statement 81, *Irrevocable Split-Interest Agreements*, effective for the year ending June 30, 2018.

GASB has issued Statement 85, *Omnibus 2017*, effective for the year ending June 30, 2018.

GASB has issued Statement 86, *Certain Debt Extinguishment Issues*, effective for the year ending June 30, 2018.

W. Future Changes in Accounting Standards

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

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

GASB has issued Statement 84, *Fiduciary Activities*, effective for the year ending June 30, 2020.

GASB has issued Statement 87, *Leases*, effective for the year ending June 30, 2021.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, effective for the year ending June 30, 2019.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2021.

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

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2018, \$137,858 of District deposits were not covered by FDIC or collateralized. All other deposits were fully insured and collateralized by the District's agent in the District's name.

Restricted Cash

Restricted cash at June 30, 2018 in the General Fund consists of \$2,731,223 of which, \$770,000 is reserved for capital projects, \$125,000 reserved for employee benefits accrued liabilities, \$150,000 for retirement contributions, \$10,000 for insurance, \$375,782 for debt, \$127,856 reserved for unemployment insurance, and \$1,172,585 restricted for tax certiorari.

Restricted cash at June 30, 2018 in the Fiduciary Funds includes \$43,496 restricted for Extraclassroom Activity Funds, and \$162,164 restricted for scholarships.

II. Interfund Receivables and Payables

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund receivable and payable 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	\$ 352,091	\$ 68	\$ -	\$ 106,487
Special Aid Fund	-	287,228	41,487	-
School Lunch Fund	-	64,800	65,000	-
Capital Fund	-	13	-	-
Total Government Activities	<u>352,091</u>	<u>352,109</u>	<u>106,487</u>	<u>106,487</u>
Fiduciary Fund	<u>68</u>	<u>50</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 352,159</u>	<u>\$ 352,159</u>	<u>\$ 106,487</u>	<u>\$ 106,487</u>

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

2. DETAIL NOTES ON ALL FUNDS

A. Assets

III. Capital Assets

Capital asset balances for the year ended June 30, are as follows:

	<u>Balance July 1</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance June 30</u>
Governmental Activities				
Capital assets that are not depreciated:				
Land	\$ 767,394	\$ -	\$ -	\$ 767,394
Construction in progress	617,067	2,329,365	-	2,946,432
Total nondepreciable historical cost	<u>1,384,461</u>	<u>2,329,365</u>	<u>-</u>	<u>3,713,826</u>
Capital assets that are depreciated:				
Buildings and improvements	21,564,941	-	-	21,564,941
Furniture and equipment	5,512,815	628,031	183,319	5,957,527
Total depreciable historical cost	<u>27,077,756</u>	<u>628,031</u>	<u>183,319</u>	<u>27,522,468</u>
Less accumulated depreciation				
Buildings and improvements	10,451,907	630,270	-	11,082,177
Furniture and equipment	4,185,113	347,640	183,319	4,349,434
Total accumulated depreciation	<u>14,637,020</u>	<u>977,910</u>	<u>183,319</u>	<u>15,431,611</u>
Total Capital Assets, Net	<u>\$ 13,825,197</u>	<u>\$ 1,979,486</u>	<u>\$ -</u>	<u>\$ 15,804,683</u>

Depreciation expense for the year ended June 30, 2018, was allocated to specific functions as follows:

General Support	\$ 652,254
Instruction	69,798
Pupil transportation	254,645
School Lunch	1,213
Total	<u>\$ 977,910</u>

B. Liabilities

I. Pension Plans

General Information

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

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

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Plan Descriptions

Teachers' Retirement System

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

Employees' Retirement System

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (The Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001 or found at www.osc.state.ny.us/retire/publications/index.php.

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

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Contributions

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

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>TRS</u>
2017-18	\$ 259,244	\$ 855,191
2016-17	300,258	1,073,388
2015-16	375,110	1,429,107

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

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 net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District. The ERS information provided was further allocated by the district so that just its proportionate share is recognized.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2017	June 30, 2016
Net pension asset/(liability)	\$(225,285)	\$394,585
District's portion of the Plan's total net pension asset/(liability)	.0069803%	.051912%

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

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Pension Expense

For the year ended June 30, 2018, the District recognized its proportionate share of pension expense of \$272,364 for ERS and \$994,100 for TRS.

Deferred Outflows and Inflows of Resources Related to Pensions

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

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experiences	\$ 80,352	\$ 324,647	\$ 66,400	\$ 153,844
Changes of assumptions	149,382	4,014,981	-	-
Net difference between projected and actual earnings on pension plan investments	327,208	-	645,876	929,362
Changes in proportion and differences between contributions and proportionate share of contributions	60,672	122,532	1,848	25,748
Contributions subsequent to the measurement date	<u>78,405</u>	<u>963,146</u>	<u>-</u>	<u>95,078</u>
Total	<u>\$ 696,019</u>	<u>\$ 5,425,306</u>	<u>\$ 714,124</u>	<u>\$ 1,204,032</u>

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2018 for ERS and June 30, 2018 for TRS. 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>
Year ended:		
2018	\$ -	\$ 111,937
2019	75,538	1,082,866
2020	60,443	780,782
2021	(157,647)	209,334
2022	(74,844)	778,570
Thereafter	-	294,639

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

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Actuarial Assumptions

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset/(liability) to the measurement date. The actuarial valuation used the following 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%	7.5%
Salary Scale	3.8%	1.9% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.5%
Projected Cost of Living Adjustments	1.3% annually	1.5% annually

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

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

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

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

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

The long term expected 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 the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

<u>ERS</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return*</u>
	<u>2018</u>	<u>2018</u>
Asset Class:		
Domestic equities	36%	4.55%
International equities	14	6.35
Private Equity	10	7.50
Real estate	10	5.55
Absolute return strategies (1)	2	3.75
Opportunistic portfolio	3	5.68
Real assets	3	5.29
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation-Indexed bonds	4	1.25
Total	<u>100%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.5% for 2018.

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity, respectively.

<u>TRS</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return*</u>
	<u>2017</u>	<u>2017</u>
Asset Class:		
Domestic equities	35 %	5.9 %
International equities	18	7.4
Real estate	11	4.3
Private equities	8	9.0
Total equities	<u>72</u>	
Domestic fixed income securities	16	1.6
Global fixed income securities	2	1.3
High-yield fixed income securities	1	3.9
Mortgages	8	2.8
Short-term	1	0.6
Total fixed income	<u>28</u>	
Total	<u>100 %</u>	

* Real rates of return are net of the long-term inflation assumption of 2.5% for 2017.

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

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's 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 asset/(liability).

Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.0% for ERS and 6.25% for TRS) or 1-percentage-point higher (8% for ERS and 8.25% for TRS) than the current rate:

ERS	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Employer's proportionate share of the net pension asset/(liability)	\$ (1,704,556)	\$ (225,285)	\$ 1,026,128
TRS	1% Decrease <u>(6.25%)</u>	Current Assumption <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Employer's proportionate share of the net pension asset/(liability)	\$ (6,797,534)	\$ 394,585	\$ 6,417,628

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective Pension Expense

Collective pension expenses includes certain current period changes in the collective net pension asset/(liability), projected earnings of pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2018 is \$299,669 for ERS and \$1,012,659 for TRS.

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

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

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, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$78,405.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to \$857,054.

Other Benefits

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

II. Indebtedness

Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

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

Interest paid	<u>\$ 65,493</u>
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Changes in Short-Term Debt

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance July 1</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30</u>
BAN	7/27/18	2.25%	\$ -	\$ 2,870,000	\$ -	\$ 2,870,000
BAN	7/27/18	2.05%	-	300,000	-	300,000
			<u>\$ -</u>	<u>\$ 3,170,000</u>	<u>\$ -</u>	<u>\$ 3,170,000</u>

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

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

Long-Term Debt

Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. During the current year, the District recognized \$225,057 of expenditures for serial and statutory bond debt interest in the general fund.

Interest on long-term debt was comprised of:

Interest paid	\$ 225,057
Less interest accrued in the prior year	(30,950)
Plus interest accrued in the current year	25,412
Plus amortization of deferred costs	970
Less amortization of bond premium	<u>(34,554)</u>
Total Expense	<u>\$ 185,935</u>

Changes

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

	<u>Balance July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30</u>
Serial Bonds	\$ 6,056,964	\$ -	\$ 925,507	\$ 5,131,457
Plus - Bond Premium	228,034	-	34,554	193,480
Installment Debt	<u>2,840,499</u>	<u>-</u>	<u>161,876</u>	<u>2,678,623</u>
Total Bonds	9,125,497	-	1,121,937	8,003,560
Other Postemployment Benefits	1,745,709	1,574,360	433,846	2,886,223
Compensated Absences	<u>587,330</u>	<u>19,576</u>	<u>-</u>	<u>606,906</u>
Total	<u>\$ 11,458,536</u>	<u>\$ 1,593,936</u>	<u>\$ 1,555,783</u>	<u>\$ 11,496,689</u>

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

The above balances are liquidated by the general fund.

* This item is recorded as a deferred outflow on the statement of net position.

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

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

Maturity

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Original Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2018</u>
Serial Bonds:				
Building Project	2008	2023	3.38%-4.25%	715,000
Advanced Refunding	2012	2024	3.00%-5.00%	1,265,000
Buses	2015	2020	1.85%	326,334
Construction Project	2015	2030	2.00%-2.88%	2,625,000
Buses	2016	2021	2.11%	<u>200,123</u>
Total Serial Bonds				<u>5,131,457</u>
Installment Loan:				
NYS Power Authority	2017	2032	1.00%	<u>2,678,623</u>
Total				<u>\$ 7,810,080</u>

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>	<u>Total</u>
2019	\$ 894,095	\$ 201,061	\$ 34,554	\$ 1,129,710
2020	877,088	175,977	34,554	1,087,619
2021	831,298	150,249	34,554	1,016,101
2022	807,762	126,075	34,554	968,391
2023	776,537	102,135	34,554	913,226
2024-2027	1,905,321	226,448	20,710	2,152,479
2028-2032	<u>1,717,979</u>	<u>77,978</u>	<u>-</u>	<u>1,795,957</u>
Total	<u>\$ 7,810,080</u>	<u>\$ 1,059,923</u>	<u>\$ 193,480</u>	<u>\$ 9,063,483</u>

III. Constitutional Debt Limit

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 10% of the full valuation of taxable real estate within the District. At June 30, 2018, the District has exhausted 15.60% of its constitutional debt limit.

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

3. COMMITMENTS AND CONTINGENCIES

A. Litigation

The District is an intervening party in Real Property Tax Law Article 7 tax certiorari proceedings seeking to reduce the final assessment on the petitioners' property. Due to the uncertainty of outcomes of pending proceedings, and estimate of any potential financial effects cannot be made.

B. Risk Financing and Related Insurance

General Information

The 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; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

Consortium of Self Insured Plans

The District participates in Washington Saratoga Warren Hamilton Essex Counties Board of Cooperative Educational Services (BOCES), a risk sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$106,839.

C. Other Items

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

4. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

A. Liabilities

I. Post Employment Benefits

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. The implementation of the statement resulted in an increase in the liability for Other Post-Employment Benefits Payable in the Statement of Net Position. The District's net position has been restated as follows:

Net position beginning of year, as previously stated	\$ 8,992,219
GASB Statement No. 75 implementation	<u>(1,360,696)</u>
Net position beginning of year, as restated	<u>\$ 7,631,523</u>

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

4. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

A. Liabilities

I. Post Employment Benefits

Plan Description

The Corinth Central School District (the 'District') administers the Corinth Central School District Retiree Medical Plan (the 'Plan') as a single-employer defined benefit of the Postemployment Benefit Plan. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the District subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Throughout the 2016-2017 fiscal year, 49 retired employees have elected to use accumulated sick pay to finance health insurance payments under the District's group plan. This plan pays for 80% of the cost of premium for teachers as established as of the last day of employment, and any increases in rate after such date will be borne by the employee. When the accumulated sick pay amount is exhausted, the insurance payments become the responsibility of the retiree.

Funding Policy

The obligations of the Plan members, employer and other contributing entities are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement.

Employees are eligible for the retiree health benefits upon meeting the following requirements: 1) retire from the District, 2) enrolled in District provided health care at time of retirement, 3) must reach age 55 (earlier if disabled) and 4) there is no service requirement for Tier 1 employees and a 5 year service requirement for Tiers 2, 3 and 4 (ERS and TRS). The District currently funds the plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2018, approximately \$290,000 was paid on behalf of 38 retirees.

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

Inactive plan members or beneficiaries currently receiving benefit payments	38
Inactive plan members entitled to but not yet receiving benefit payments	-0-
Active plan members	<u>216</u>
Total plan members	<u>254</u>

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

4. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

A. Liabilities

I. Post Employment Benefits

Net OPEB Liability

The District's total OPEB liability was measured as of July 1, 2017; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.60% (Based on CPI-2016 OASDI Trustee Report)
Salary increases	3.0% (including inflation)
Discount Rate	3.6% (Bond Buyer GO-20 municipal bond index rate)
Healthcare cost trend rates	
Pre-Medicare	8.0% for 2017 decreasing 0.5% per year to an ultimate rate of 5.00% by 2023.
Medicare	N/A

Actuarial Assumptions and Other Inputs

Mortality rates were based on RP-2014 mortality table with mortality projected to the current year using Scale MP-2014 to account for mortality improvement.

Retirement participation rate assumed that 100% of all newly-retiring employees with health insurance elect to keep their health insurance when they retire and when they turn 65.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System. Rate are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

The discount rate was based on the Bond Buyer GO-20 municipal bond index rate.

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

4. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

A. Liabilities

I. Post Employment Benefits

Changes in the Net OPEB Liability

Changes in the District's net OPEB liability were as follows:

	Total OPEB Liability [a]	Plan Fiduciary Net Position [b]	Net OPEB Liability [a] - [b]
Balances at June 30, 2017	<u>\$ 3,106,405</u>	<u>\$ -</u>	<u>\$ 3,106,405</u>
Changes for the year:			
Service cost	125,152	-	125,152
Interest	88,512	-	88,512
Difference between expected and actual experience	-	-	-
Contributions – employer	-	-	-
Net investment income	-	-	-
Changes of assumptions or other inputs (change in discount rate)	(307,277)	-	(307,277)
Benefit payments	(126,569)	-	(126,569)
Administrative expense	-	-	-
Net changes	<u>(220,182)</u>	<u>-</u>	<u>(220,182)</u>
Balances, June 30, 2018	<u>\$ 2,886,223</u>	<u>\$ -</u>	<u>\$ 2,886,223</u>

Changes of benefit terms reflect changes puts including a change in the discount rate from 2.85% in 2017 to a 3.60% in 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower (2.6%) or 1 percentage point higher (4.6%) than the current discount rate:

	1% Decrease (2.60%)	Discount Rate (3.60%)	1% Increase (4.60%)
Total OPEB Liability	\$ 3,384,980	\$ 2,886,223	\$ 2,488,085

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

4. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

A. Liabilities

I. Post Employment Benefits

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's total OPEB liability, 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 (7.0% decreasing to 4.0%) or 1 percentage point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rate:

	1% Decrease (7.0% Decreasing to <u>4.0%</u>)	Healthcare Cost Trend Rate (8.0% Decreasing to <u>5.0%</u>)	1% Increase (9.0% Decreasing to <u>6.0%</u>)
Total OPEB Liability	\$ 2,494,250	\$2,886,223	\$ 3,365,422

OPEB Expense, 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 \$152,209. 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	\$ -	\$ -
Amounts recognized in OPEB expense	-	-
Changes of assumptions	-	(307,277)
Contributions subsequent to the measurement period	<u>144,289</u>	<u>-</u>
Total	<u>\$ 144,289</u>	<u>\$ (307,277)</u>

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

<u>Year Ending June 30,</u>	
2019	\$ (40,078)
2020	(61,455)
2021	(61,455)

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

5. TAX ABATEMENTS

The District negotiates property tax abatement agreements on an individual basis. The District has a tax abatement agreement with one entity as of June 30, 2018, whereby the entity makes payments in lieu of taxes in the amount of \$26,343. This amount represents 100% of taxes abated. The agreement is related to the Town of Corinth's housing development program and expires in 2034. Pursuant to New York Private Housing Finance Law, Section 577, the local legislative body of a municipality may exempt the real property of a housing project of a housing development fund company from local and municipal taxes, including school taxes, other than assessments for local improvements, to the extent of all or part of the value of the property.

6. DEFICIT FUND BALANCE

The Capital Projects fund had a fund deficit of \$2,904,417. This deficit is caused by financing the project with bond anticipation notes. When the bond anticipation notes are refinanced with bonds, this deficit will be removed.

7. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 4, 2018, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2018, have been incorporated into these financial statements.

**CORINTH CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Final Budget Variance With Actual
Revenues				
Local Sources				
Real Property Taxes	\$ 8,952,960	\$ 8,952,960	\$ 7,878,663	\$ (1,074,297)
Real Property Tax Items	13,000	13,000	1,104,740	1,091,740
Charges for Services	37,000	37,000	73,853	36,853
Use of Money and Property	7,000	7,000	10,165	3,165
Sale of Property and Compensation for Loss	500	500	409	(91)
Miscellaneous	115,000	115,000	238,188	123,188
State Sources	11,800,000	11,800,000	11,661,263	(138,737)
Federal Sources	25,000	25,000	89,402	64,402
Other Sources				
Interfund Transfers	50,000	50,000	-	(50,000)
Total Revenue and Other Sources	21,000,460	21,000,460	21,056,683	\$ <u>56,223</u>
Prior Year's Encumbrances	325,231	325,231		
Appropriated Fund Equity	100,000	100,000	-	
Total Revenues, Other Sources and Appropriated Fund Equity	\$ 21,425,691	\$ 21,425,691	\$ 21,056,683	

**CORINTH CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Final Budget Variance With Actual and Encumbrances</u>
Expenditures					
General Support					
Board of Education	\$ 14,550	\$ 19,550	\$ 12,364	\$ 132	\$ 7,054
Central Administration	437,296	442,509	410,427	17,300	14,782
Staff	134,500	130,797	109,931	-	20,866
Special Items	527,600	529,305	486,237	5,000	38,068
Central Services	1,543,026	1,543,025	1,300,087	73,657	169,281
Instruction					
Instruction, Administration and Improvement	635,560	642,055	617,260	3,600	21,195
Teaching - Regular School	6,430,600	6,316,590	6,069,413	25	247,152
Programs for Students with Disabilities	2,069,900	1,901,642	1,737,777	1,000	162,865
Occupational Education	437,800	433,800	418,535	-	15,265
Teaching - Special Schools	20,500	20,500	8,048	-	12,452
Instructional Media	505,726	545,726	484,436	18,386	42,904
Pupil Services	961,005	997,505	939,450	3,623	54,432
Pupil Transportation	1,213,809	1,400,809	1,140,691	243,481	16,637
Community Services	4,500	5,100	4,993	-	107
Employee Benefits	4,997,519	4,948,491	4,803,788	115,723	28,980
Debt Service					
Debt Service Principal	1,235,800	1,214,553	1,087,384	125,000	2,169
Debt Service Interest	241,000	227,247	225,057	1,093	1,097
Total Expenditures	<u>21,410,691</u>	<u>21,319,204</u>	<u>19,855,878</u>	<u>608,020</u>	<u>855,306</u>
Other Uses					
Interfund Transfer	<u>15,000</u>	<u>106,487</u>	<u>106,487</u>	<u>-</u>	<u>-</u>
Total Other Uses	<u>15,000</u>	<u>106,487</u>	<u>106,487</u>	<u>-</u>	<u>-</u>
Total Expenditures and Other Uses	<u>\$ 21,425,691</u>	<u>\$ 21,425,691</u>	<u>\$ 19,962,365</u>	<u>\$ 608,020</u>	<u>\$ 855,306</u>
Net Change in Fund Equity			\$ 1,094,318		
Fund equity - beginning			<u>3,235,483</u>		
Fund equity - ending			<u>\$ 4,329,801</u>		

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

	Fiscal Year Ending * <u>2018</u>
Total OPEB Liability	
Measurement date	7/1/2017
Service cost at end of year	\$ 125,152
Interest	88,512
Changes in benefit terms	-
Difference between expected and actual experience in the measurement of the total OPEB liability	-
Changes in assumptions and other inputs	(307,277)
Benefit payments	<u>(126,569)</u>
Net Change in Total OPEB Liability	(220,182)
Total OPEB Liability - beginning	<u>3,106,405</u>
Total OPEB Liability - ending	<u>\$ 2,886,223</u>
Covered-employee payroll	\$ 10,834,964
Total OPEB Liability as a percentage of covered-employee payroll	26.64%

* Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of the measurement date.

**CORINTH CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2018**

	ERS Pension Plan Last 10 Fiscal Years			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.0069803%	0.0070000%	0.0069000%	0.0063000%
Proportionate share of the net pension liability (asset)	\$ 225,285	\$ 659,829	\$ 1,113,609	\$ 212,851
Covered-employee payroll	\$ 2,593,738	\$ 2,016,778	\$ 1,975,797	\$ 2,001,925
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	8.69%	32.72%	56.36%	10.63%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.68%	97.90%
	TRS Pension Plan Last 10 Fiscal Years			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.0519120%	0.0525000%	0.0543000%	0.0533000%
Proportionate share of the net pension liability (asset)	\$ (394,585)	\$ 561,857	\$ (5,637,104)	\$ (5,932,701)
Covered-employee payroll	\$ 7,766,825	\$ 8,094,932	\$ 8,296,493	\$ 8,018,971
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-5.08%	6.94%	-67.95%	-73.98%
Plan fiduciary net position as a percentage of the total pension asset	100.66%	99.01%	110.46%	111.48%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

**CORINTH CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018**

ERS Pension Plan
Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 299,669	\$ 300,258	\$ 375,110	\$ 323,122
Contributions in relation to the contractually required contribution	<u>(299,669)</u>	<u>(300,258)</u>	<u>(375,110)</u>	<u>(323,122)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,593,738	\$ 2,016,778	\$ 1,975,797	\$ 2,001,925
Contributions as a percentage of covered-employee payroll	11.55%	14.89%	18.99%	16.14%

TRS Pension Plan
Last 10 Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 964,133	\$ 1,073,388	\$ 1,429,107	\$ 1,278,413
Contributions in relation to the contractually required contribution	<u>(964,133)</u>	<u>(1,073,388)</u>	<u>(1,429,107)</u>	<u>(1,278,413)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 7,766,825	\$ 8,094,932	\$ 8,296,493	\$ 8,018,971
Contributions as a percentage of covered-employee payroll	12.41%	13.26%	17.23%	15.94%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

**CORINTH CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE YEAR ENDED JUNE 30, 2018**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted Budget	\$	21,100,460
Add: Prior year's encumbrances		325,231
Original Budget		21,425,691
Additions: Budget Amendments		-
Final Budget	\$	21,425,691

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-19[subsequent year's] voter-approved expenditure budget	\$	21,845,805
Maximum allowed (4% of 2018-19 [subsequent year's] budget)		873,832

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

Unrestricted Fund Equity:		
Committed Fund Equity	\$	-
Assigned Fund Equity		843,960
Unassigned Fund Equity		754,618
Total Unrestricted Fund Equity	\$	1,598,578

Less:

Appropriated Fund Equity	\$	235,940
Encumbrances included in Committed and Assigned Fund Equity		608,020
Total Adjustments	\$	843,960

General Fund Fund Equity Subject to Section 1318 of Real Property Tax Law	\$	754,618
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Actual percentage		3.45%
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* Per office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

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

PROJECT TITLE	SED Project Number	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Equity June 30, 2018
				Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Storage Buildings, Concession Stand, additions, and reconstruction		\$ 3,575,000	\$ 3,575,000	\$ 4,072,732	\$ -	\$ 4,072,732	\$ (497,732)	\$ 3,961,895	\$ 46,979	\$ 64,197	\$ 4,073,071	\$ 339
Buses 2011-12: Proj B12		240,685	240,685	240,685	-	240,685	-	240,823	-	-	240,823	138
Buses 2016-17: Proj B17		257,299	250,154	250,154	-	250,154	-	250,154	-	-	250,154	-
Bus Garage Project		8,570,810	8,570,810	811,196	284,172	1,095,368	7,475,442	-	-	-	-	(1,095,368)
Middle/High School		1,123,780	1,123,780	204,170	1,001,612	1,205,782	(82,002)	-	-	-	-	(1,205,782)
Elementary School		980,620	980,620	76,747	522,961	599,708	380,912	-	-	-	-	(599,708)
Elementary School/HVAC		370,574	370,574	60,147	(19,573)	40,574	330,000	-	-	-	-	(40,574)
Storage Building		-	-	-	5,000	5,000	(5,000)	-	-	-	-	(5,000)
Smart Schools Bond Act		-	-	26,615	606,034	632,649	(632,649)	-	674,187	-	674,187	41,538
Energy Performance Contract		<u>3,063,908</u>	<u>3,063,908</u>	<u>3,063,908</u>	<u>-</u>	<u>3,063,908</u>	<u>-</u>	<u>2,885,125</u>	<u>178,783</u>	<u>-</u>	<u>3,063,908</u>	<u>-</u>
Totals		<u>\$ 18,182,676</u>	<u>\$ 18,175,531</u>	<u>\$ 8,806,354</u>	<u>\$ 2,400,206</u>	<u>\$ 11,206,560</u>	<u>\$ 6,968,971</u>	<u>\$ 7,337,997</u>	<u>\$ 899,949</u>	<u>\$ 64,197</u>	<u>\$ 8,302,143</u>	<u>\$ (2,904,417)</u>

**CORINTH CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2018**

Capital Assets, Net	\$	15,804,683
Add:		
Deferred loss of bond issuance	\$ <u>5,377</u>	5,377
Deduct:		
Bond anticipation notes payable	3,170,000	
Serial bonds payable	7,810,080	
Unamortized bond premium	<u>193,480</u>	
		<u>(11,173,560)</u>
Net Investment in Capital Assets	\$	<u><u>4,636,500</u></u>

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

To the President and Members
of the Board of Education of the
Corinth Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Corinth Central School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 4, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 that are required to be reported under *Government Auditing Standards*.

District's Response to the Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Marvin and Company, P.C.

Queensbury, NY
October 4, 2018

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

To the President and Members
of the Board of Education of the
Corinth Central School District

Report on Compliance for Each Major Federal Program

We have audited the Corinth Central School District's (the District) 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 District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Marvin and Company, P.C.

Queensbury, NY
October 4, 2018

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

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Passed Through To Subrecipient</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Education</u>				
Passed Through New York State Education Department:				
Special Education Cluster				
Special Education - Grants to States	84.027	0032-18-0812		\$ 297,258
Special Education Preschool Grants	84.173	0033-18-0812		<u>12,343</u>
Total Special Education Cluster				<u>309,601</u>
Title I Grants to Local Educational Agencies	84.010	0021-17-2680		44,236
Title I Grants to Local Educational Agencies	84.010	0021-18-2680		244,086
Title I Grants to Local Educational Agencies - School Improvement	84.010	0011-17-2517		5,023
Improving Teacher Quality State Grants	84.367	0147-17-2680		8,794
Improving Teacher Quality State Grants	84.367	0147-18-2680		39,255
Title V Promoting Informed Parental Choice and Innovative Learning	84.298	0006-18-2680		11,361
Total U.S. Department of Education				<u>662,356</u>
<u>U.S. Department of Agriculture</u>				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
National School Lunch Program	10.555	Not Applicable		205,462
School Breakfast Program	10.553	Not Applicable		75,190
Food Distribution	10.555	Not Applicable		<u>33,232</u>
Total Child Nutrition Cluster				<u>313,884</u>
Total U.S. Department of Agriculture				<u>313,884</u>
Total Expenditures of Federal Awards				<u>\$ 976,240</u>

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

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the Corinth Central School District (District), which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District financial statements. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Schedule only presents a selected portion of the operations of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The federal expenditures are recognized under the Uniform Guidance.

3. SCOPE OF AUDIT

The Corinth Central School District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

4. NON-CASH ASSISTANCE

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2018, the District received food commodities totaling \$33,232.

5. INDIRECT COST RATE

The Corinth Central School District did not elect to use the 10% de minimus cost rate.

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

**CORINTH CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? X yes no

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Material Weakness

2018-001 Controls over Cash

Statement of Condition: Throughout our audit procedures, we noted that the Business Administrator makes journal entries and prepares bank reconciliations and that there is no review of these items.

Cause: There is no review of these functions by someone who is independent of these processes. The Business Administrator also has check signing authority, check printing ability, and full administrative rights over the accounting software.

Effect of Condition: Without proper segregation of duties over cash, there is a potential for improper transactions, misappropriation of assets, or incorrect balances not being identified and corrected.

**CORINTH CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

2018-001 Controls over Cash

Context: As part of audit procedures performed, the controls surrounding bank reconciliations and journal entries were reviewed.

Recommendation: The District should develop policies and procedures to ensure proper review of transactions is performed. Specifically, we recommend that the Senior Account Clerk be given the task of preparing all bank reconciliations, and the Business Administrator review and approve all bank reconciliations. Additionally, the Superintendent should review and approve all journal entries on a monthly basis.

Views of responsible officials and planned corrective actions: The Senior Account Clerk has been given the task of preparing all bank reconciliations and the Business Administrator will review and approve the reports. The District is checking with NERIC to determine if administrative rights can be handled through NERIC. The Superintendent will review all journal entries.

Section III: Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a):

None

Summary Schedule of prior audit findings

None