AUBURN ENLARGED CITY SCHOOL DISTRICT

Financial Statements
For the Year Ended June 30, 2018
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

AUBURN ENLARGED CITY SCHOOL DISTRICT

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SECTION B

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

October 4, 2018

To the Board of Education of
Auburn Enlarged City School District:

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Auburn Enlarged City 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, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of contributions-pension plans, proportionate share of the net pension liability (asset), and changes in other postemployment benefit liability and related ratios, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information, as required by the New York State Education Department, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental information on pages 59-61 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

INDEPENDENT AUDITOR'S REPORT (Continued)

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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bonadio & Co., LLP

AUBURN ENLARGED CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

The following is a discussion and analysis of the Auburn Enlarged City School District's (the District) financial performance for the fiscal year ended June 30, 2018. The section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2018 total liabilities (what the District owes) exceeded its total assets (what the District owns) by $115,972,700 (net position) and at June 30, 2017 total liabilities exceeded total assets by $104,774,262, a decrease of $11,198,438 from 2017 to 2018. This decrease is primarily due to an increase in postemployment benefit obligations.

- Capital asset additions during 2017-2018 amounted to approximately $5.4 million, primarily due to $5.1 million of capital project expenditures related to ongoing capital projects, a $100,000 addition to buildings, and approximately $216,000 of furniture and equipment purchases.

- General revenue, which includes State aid, and property taxes, accounted for $73,155,421 (or 88%), of all revenue. Program specific revenue in the form of Charges for Services and Operating Grants and Contributions accounted for $10,319,202 (or 12%) of total revenue.

- Total expenses in the district-wide financial statements totaled $94,673,061 and $88,116,921 in 2018 and 2017, respectively.

- As of the close of the fiscal year, The District's governmental funds reported a combined fund balance of $9,800,988 in 2018, a decrease of $2,038,479 from 2017 to 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

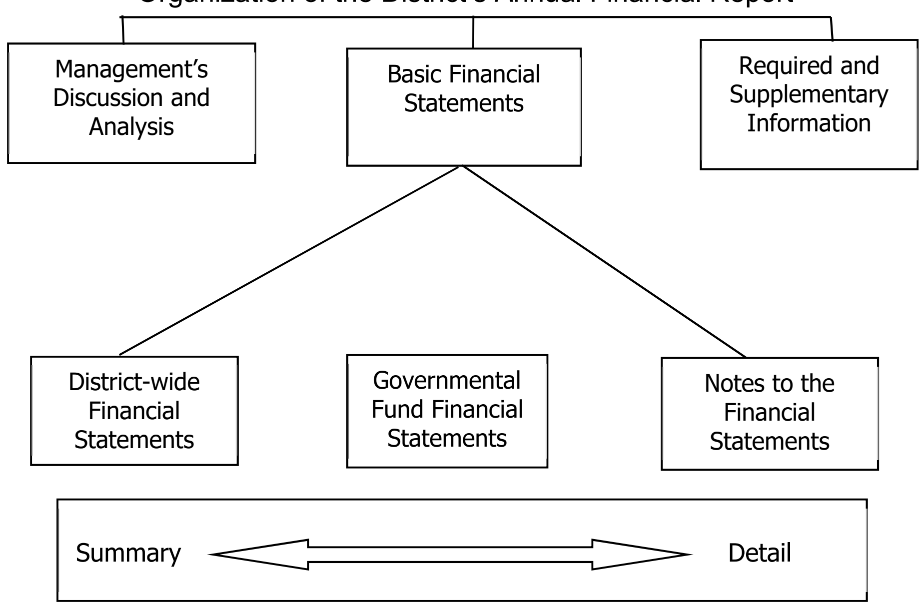
- The remaining statements are Governmental fund financial statements that focus on individual activities of the District, reporting the operation in more detail than the District-wide statements.

  - The Governmental fund statements tell how basic services, such as instruction and support functions, were financed in the short-term, as well as what remains for future spending.

  - Fiduciary fund statements provide information about financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison to the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

Table A-1 Organization of the District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-2 Major Features of the District-Wide and Fund Financial Statements

		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the District, such as instruction and special education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balance	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred inflows-outflows of resources/liability information	All assets/deferred outflows and liabilities/deferred inflows, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included	All assets/deferred outflows and liabilities/deferred inflows, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- For assessment of the overall health of the District, additional nonfinancial factors, such as changes in the property tax base and the condition of buildings and other facilities, should be considered.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

District-Wide Statements (Continued)

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
    - Net investment in capital assets.
    - Restricted net position includes resources with constraints placed on use by external sources or imposed by law.
    - Unrestricted net position is net position that does not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has two kinds of 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 can readily be converted to cash flow in and out of the District and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund 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 in the reconciliation of the governmental fund statements explain the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the General fund, Special Aid fund, School Lunch fund, Debt Service fund and the Capital Projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and 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. Fiduciary fund reporting focuses on net position and changes in net position.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Financial Analysis of the District as a Whole
Our analysis below focuses on the net position (Table A-3) and the change in net position (Table A-4) of the District-wide governmental activities.

Table A-3 Condensed Statements of Net Position - Governmental Activities

	Fiscal Year 2018	Fiscal Year 2017	Percent Change
Current and other assets	$ 16,148,634	$ 21,507,208	-24.9%
Non-current assets	66,854,430	63,192,995	5.8%
Total assets	83,003,064	84,700,203	-2.0%
Deferred outflows of resources	46,634,009	41,097,115	13.5%
Current liabilities	6,416,963	9,725,043	-34.0%
Long-term liabilities	222,208,735	208,043,030	6.8%
Total liabilities	228,625,698	217,768,073	5.0%
Deferred inflows of resources	16,984,075	12,803,507	32.7%
Net position:			
Net investment in capital assets	29,589,714	28,743,436	2.9%
Restricted	5,499,624	10,283,855	-46.5%
Unrestricted	(151,062,038)	(143,801,553)	5.0%
Total net position	$ (115,972,700)	$ (104,774,262)	10.7%

In Table A-3, total assets at June 30, 2018 were approximately $1.7 million lower than at June 30, 2017. Non-current assets increased approximately $3.7 million, due primarily to the fact that the actuarially determined pension amount for TRS increased from a liability in 2017 of $1,847,948 to an asset of $1,373,357 in 2018. The remainder of the increase is due to the increase in capital assets of approximately $2.3 million as the final phase of the most recent capital project was completed. Current assets decreased approximately $5.4 million, due to an increase in cash at June 30, 2018 arising from the expenditure of cash on the capital project.

Deferred outflows of resources at June 30, 2018 were approximately $5.5 million higher than at June 30, 2017, due primarily to an increase in the other postemployment benefit related deferred outflows of resources.

Total liabilities increased by approximately $10.9 million, due primarily to an increase in long-term liabilities of approximately $14.2 million, offset by a decrease in current liabilities of $3.3 million. The decrease in current liabilities is due to the payoff of a Bond Anticipation Note of $2.6 million as well as a reduction in the liability to the teacher’s retirement system. The increase in long-term liabilities is due primarily to the increase of $18.5 million in other postemployment obligations, offset by a decrease of $1.4 million in long-term debt and decreases in TRS and ERS actuarially determined pension amounts.

Deferred inflows of resources at June 30, 2018 were approximately $4.2 million higher than at June 30, 2017, due primarily to an increase in the pension related deferred inflows of resources, offset by a decrease in the other postemployment benefit related inflows of resources.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Financial Analysis of the District as a Whole (Continued)

Table A-4 Changes in Net Position from Operating Results - Governmental Activities (in thousands)

Revenue	Fiscal Year 2018	Fiscal Year 2017	Percent Change
Program revenue:			
Charges for services	$ 1,506,010	$ 2,697,875	-44.2%
Operating grants and contributions	8,813,192	7,993,013	10.3%
General revenue:			
Taxes	31,381,896	30,373,606	3.3%
State sources	39,700,778	38,936,985	2.0%
Use of money and property	90,470	102,804	-12.0%
Miscellaneous	1,982,277	(1,334,747)	-248.5%
Total revenue	83,474,623	78,769,536	6.0%
Expenses			
General support	12,913,665	9,535,836	35.4%
Instruction	75,865,870	72,909,436	4.1%
Transportation	2,900,044	2,710,389	7.0%
Debt service - Interest	1,238,735	1,208,534	2.5%
School lunch program	1,754,747	1,752,726	0.1%
Total expenses	94,673,061	88,116,921	7.4%
Increase (Decrease) in net position	$ (11,198,438)	$ (9,347,385)	19.8%

Changes in Net Position

The District's fiscal year 2018 revenues totaled $83,474,623. (See Table A-4). Property taxes (including other tax items) and state sources accounted for most of the District's revenue by contributing $0.88 and $0.88 of every dollar raised in 2018 and 2017, respectively. (See Table A-5). The remainder came from fees charged for services, operating grants, use of money and property, and other miscellaneous sources.

The total cost of all programs and services totaled $94,673,061 for fiscal year 2018. These expenses are predominately related to general instruction, which account for 80% of District expenses. (See Table A-6). The District's general support activities accounted for 14% of total costs.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Financial Analysis of the District as a Whole (Continued)

Table A-5 Sources of Revenue for Fiscal Year 2018

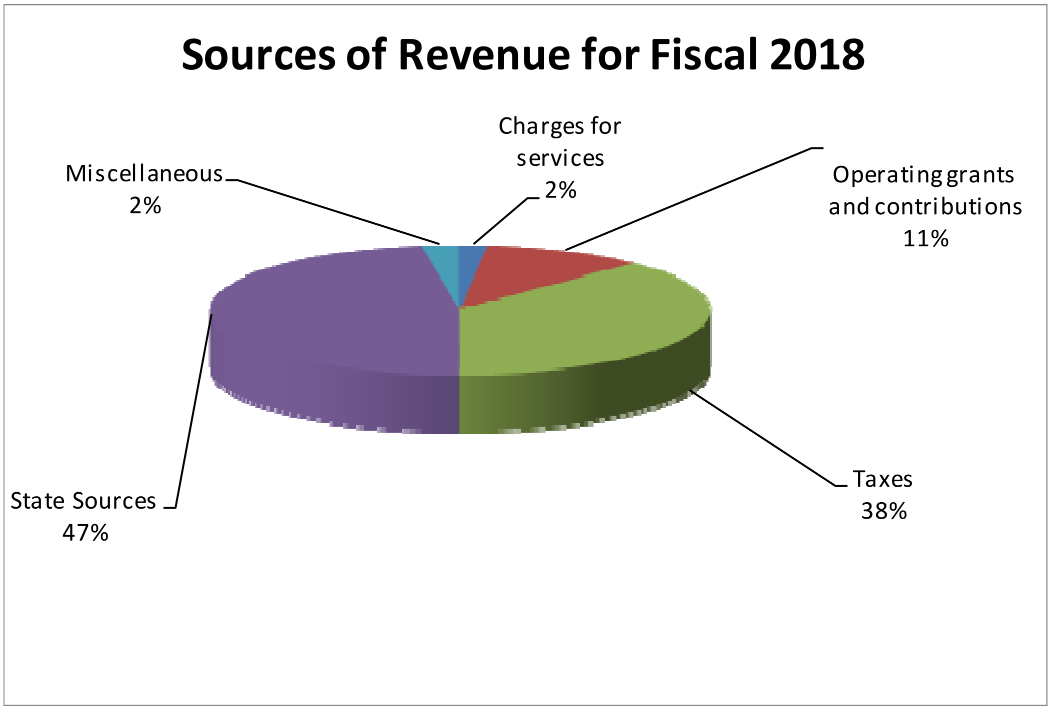
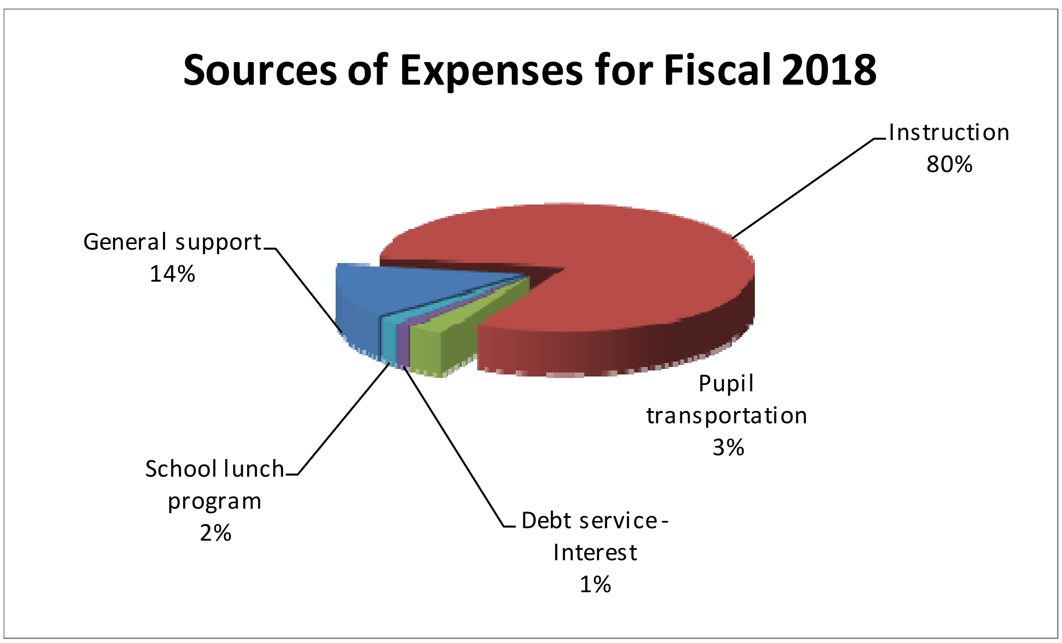


Table A-6 Expenses for Fiscal Year 2018



OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Financial Analysis of the District's Funds

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt, liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

At June 30, 2018, the District, in its governmental funds, reported combined fund balances of $9.8 million, a decrease of $2.0 million from the prior year. The District's governmental funds, except for the Special Aid Fund and Capital Projects Fund, operated at a surplus in 2017-2018.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General fund.

Table A-7 Results vs. Budget (in thousands)

	Original Budget	Final Budget	Actual	Encumbrances	Variance (Actual/Budget)
Revenues:					
Local sources	$ 33,303,708	$ 33,384,117	$ 33,465,665	$ -	$ 81,548
State sources	40,128,641	40,188,641	39,700,778	-	(487,863)
Medicaid reimbursement	250,000	250,000	187,073	-	(62,927)
Appropriations	1,589,904	1,918,904	-	-	(1,918,904)
Total	75,272,253	75,741,662	73,353,516	-	(2,388,146)
Expenditures:					
General support	7,860,360	7,894,715	7,423,055	174,542	297,118
Instruction	40,633,958	40,980,478	39,728,531	249,632	1,002,315
Pupil transportation	2,711,421	2,644,997	2,596,087	-	48,910
Employee benefits	19,571,998	19,140,456	18,337,513	121,826	681,117
Debt service	4,384,516	4,341,616	4,341,362	-	254
Transfers out	110,000	739,400	322,517	-	416,883
Total	75,272,253	75,741,662	72,749,065	546,000	2,446,597
Revenues over (under) expenditures	$ -	$ -	$ 604,451	$ (546,000)	$ 58,451

The General fund is the only fund for which a budget is legally adopted.

Total revenues came in within 3% of budget.

Total expenditures came in within 4% of budget.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Capital Assets

As of June 30, 2018, the District had an investment of $65.5 million in a broad range of capital assets including land, buildings, athletic facilities, computers and other educational equipment.

Table A-8 Capital Assets (net of depreciation)

Category	Fiscal Year 2018	Fiscal Year 2017	Percent Change
Land	$ 866,980	$ 866,980	0.0%
Construction in progress	1,071,054	3,719,430	-71.2%
Site improvements	10,537,903	6,077,080	73.4%
Buildings	100,917,107	97,541,989	3.5%
Equipment and furniture	8,684,001	8,511,200	2.0%
Total	122,077,045	116,716,679	4.6%
Less: Accumulated depreciation	56,595,972	53,523,684	5.7%
Net capital assets	$ 65,481,073	$ 63,192,995	3.6%

Long-Term Debt

At year-end, the District had $37.1 million in general obligation bonds outstanding and $104 thousand in other long-term liabilities. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

Table A-9 Outstanding Long-Term Liabilities

Category	Fiscal Year 2018	Fiscal Year 2017
General obligation bonds (financed with property taxes)	37,144,619	38,587,902
Other long-term liabilities	103,680	131,527
Total	$ 37,248,299	$ 38,719,429

FACTORS BEARING ON THE FUTURE OF THE DISTRICT

The District relies heavily on state aid to finance its operations; approximately 50-55% of the District's General Fund revenues are from state aid. Foundation aid is still not fully funded and there is no guarantee that it ever will be. The District has been hit hard by state economic woes in the past and any future uncertainties could negatively impact the amount of state aid the District receives. The District is undertaking an advocacy campaign to fix the foundation aid formula and to phase-in full funding, but the outcome of that campaign is unknown at this time.

In addition, the state has enacted a tax levy limit for all municipalities and school districts which is tied to the rate of inflation. This limits the District's ability to increase the tax levy by more than 2% per year, thus serving to further increase the District's reliance on state aid increases.

Health insurance costs are one of the largest expenses in the District's annual budget. The District provides postemployment health insurance coverage to retirees in accordance with various employment contracts. The cost of this coverage is recognized by the District annually as payments are made (pay-as-you-go basis); however, the true actuarially calculated liability for this coverage is estimated at approximately $166 million. The District has not made current provisions to fund this obligation and going forward the size of this liability may impact the District's ability to fund other programs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact: Auburn City School District, 78 Thornton Ave., Auburn, New York 13021.

AUBURN ENLARGED CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS	
CURRENT ASSETS:	
Cash	$ 3,879,717
Cash - restricted	481,463
Taxes receivable	2,050,253
Other receivables	498,541
State and federal aid receivable	8,901,537
Due from other funds	315,885
Inventory	21,238
Total current assets	16,148,634
NON-CURRENT ASSETS:	
Net pension asset - TRS	1,373,357
Capital assets, net	65,481,073
Total non-current assets	66,854,430
Total assets	83,003,064
DEFERRED OUTFLOWS OF RESOURCES	
Pension related-TRS	17,948,825
Pension related-ERS	1,841,092
Other postemployment benefits	26,069,228
Deferred amount on refunding	774,864
Total deferred outflows of resources	46,634,009
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	779,525
Accrued liabilities	2,467,093
Accrued interest	69,317
Due to employees' retirement system	195,700
Due to teachers' retirement system	2,893,946
Unearned revenue	11,382
Total current liabilities	6,416,963
LONG-TERM LIABILITIES:	
Due and payable within one year -	
Current portion of bonds payable, net of premium	2,730,000
Current portion of installment debt	684,569
Due and payable after one year -	
Net pension liability - ERS	602,018
Compensated absences	103,680
Bonds payable, net of premium	28,240,653
Installment debt	5,489,397
Total other postemployment benefits liability	184,358,418
Total long-term liabilities	222,208,735
Total liabilities	228,625,698
DEFERRED INFLOWS OF RESOURCES	
Pension related-TRS	4,382,072
Pension related-ERS	1,928,482
Other postemployment benefits	10,673,521
Total deferred inflows of resources	16,984,075
NET POSITION	
Net investment in capital assets	29,589,714
Restricted	5,499,624
Unrestricted	(151,062,038)
Total net position	$ (115,972,700)

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS:				
General support	$ 12,913,665	$ 196,727	$ 697,698	$ (12,019,240)
Instruction	75,865,870	1,170,719	6,629,782	(68,065,369)
Pupil transportation	2,900,044	-	-	(2,900,044)
Debt service - interest	1,238,735	-	-	(1,238,735)
School lunch program	1,754,747	138,564	1,485,712	(130,471)
TOTAL FUNCTIONS/PROGRAMS	$ 94,673,061	$ 1,506,010	$ 8,813,192	(84,353,859)
GENERAL REVENUE:				
Real property taxes				26,191,296
Other tax items				5,190,600
Use of money and property				90,470
Sale of property and compensation for loss				69,982
Medicaid reimbursement				187,073
State sources				39,700,778
Miscellaneous				1,725,222
TOTAL GENERAL REVENUE				73,155,421
CHANGE IN NET POSITION				(11,198,438)
NET POSITION - beginning of year				(104,774,262)
TOTAL NET POSITION - end of year				$ (115,972,700)

AUBURN ENLARGED CITY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total
ASSETS						
Cash	$ 3,723,538	$ 44,608	$ 111,571	$ -	$ -	$ 3,879,717
Cash - restricted	-	-	-	478,396	3,067	481,463
Taxes receivable	2,050,253	-	-	-	-	2,050,253
State and federal aid receivable	3,880,255	5,021,282	-	-	-	8,901,537
Due from other funds	5,905,779	-	-	-	-	5,905,779
Other receivables	382,605	3,997	93,739	18,200	-	498,541
Inventory	-	-	21,238	-	-	21,238
TOTAL ASSETS	$ 15,942,430	$ 5,069,887	$ 226,548	$ 496,596	$ 3,067	$ 21,738,528
LIABILITIES AND FUND BALANCE						
LIABILITIES:						
Accounts payable	$ 444,016	$ 143,101	$ 86,789	$ 105,619	$ -	$ 779,525
Accrued liabilities	2,467,093	-	-	-	-	2,467,093
Due to other funds	-	4,926,986	55,881	606,187	840	5,589,894
Due to teachers' retirement system	2,893,946	-	-	-	-	2,893,946
Due to employees' retirement system	195,700	-	-	-	-	195,700
Unearned revenue	-	-	11,382	-	-	11,382
TOTAL LIABILITIES	6,000,755	5,070,087	154,052	711,806	840	11,937,540
FUND BALANCE:						
Nonspendable						
Inventory	-	-	21,238	-	-	21,238
Total nonspendable fund balance	-	-	21,238	-	-	21,238
Restricted						
Retirement	1,805,237	-	-	-	-	1,805,237
Unemployment insurance	150,570	-	-	-	-	150,570
Debt service	-	-	-	-	2,227	2,227
Capital	-	-	-	478,396	-	478,396
Tax certiorari	2,191,725	-	-	-	-	2,191,725
Insurance	330,281	-	-	-	-	330,281
Liability	277,739	-	-	-	-	277,739
Employee benefits accrued liability	263,449	-	-	-	-	263,449
Total restricted fund balance	5,019,001	-	-	478,396	2,227	5,499,624
Assigned						
Other appropriations	546,000	-	72,496	-	-	618,496
Appropriated for subsequent year's expenditures	1,320,000	-	-	-	-	1,320,000
Total assigned fund balance	1,866,000	-	72,496	-	-	1,938,496
Unassigned	3,056,674	(200)	-	(693,606)	-	2,362,868
TOTAL FUND BALANCE	9,941,675	(200)	72,496	(215,210)	2,227	9,800,988
TOTAL LIABILITIES AND FUND BALANCE	$ 15,942,430	$ 5,069,887	$ 226,548	$ 496,596	$ 3,067	$ 21,738,528

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

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

Fund balance - total governmental funds	$ 9,800,988
Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the funds.	65,481,073
Deferred outflows/inflows of resources related to pensions are applicable to future periods and; therefore, are not reported in the funds.	
Deferred outflows - ERS/TRS	19,789,917
Deferred inflows - ERS/TRS	(6,310,554)
Deferred outflows - Refunding	774,864
Deferred outflows - OPEB	26,069,228
Deferred inflows - OPEB	(10,673,521)
Net pension obligations are not due and payable in the current period and; therefore, are not reported in the funds.	
Net pension asset - TRS	1,373,357
Net pension liability - ERS	(602,018)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable, net of bond premium	(30,970,653)
Installment purchase debt	(6,173,966)
Other postemployment benefits obligation	(184,358,418)
Compensated absences	(103,680)
Accrued interest	(69,317)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (115,972,700)

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General	Special Aid	School Lunch	Capital Projects	Debt Service	Total
REVENUE:						
Real property taxes	$ 26,191,296	$ -	$ -	$ -	$ -	$ 26,191,296
Other tax items	5,190,600	-	-	-	-	5,190,600
Charges for services	196,727	1,170,719	-	-	-	1,367,446
Use of money and property	88,419	-	300	-	1,751	90,470
Sale of property and compensation for loss	73,401	-	-	-	-	73,401
Miscellaneous	1,725,222	-	-	-	-	1,725,222
State sources	39,700,778	3,582,029	39,977	697,698	-	44,020,482
Federal sources	-	3,047,753	1,445,735	-	-	4,493,488
Medicaid reimbursement	187,073	-	-	-	-	187,073
Sales - School lunch	-	-	138,564	-	-	138,564
Total revenue	73,353,516	7,800,501	1,624,576	697,698	1,751	83,478,042
EXPENDITURES:						
General support	7,423,055	145,310	-	-	-	7,568,365
Instruction	39,728,531	7,394,759	-	-	-	47,123,290
Pupil transportation	2,596,087	302,002	-	-	-	2,898,089
Employee benefits	18,337,513	168,046	42,792	-	-	18,548,351
Debt service - principal	2,956,109	-	-	-	-	2,956,109
Debt service - interest	1,385,253	-	-	-	-	1,385,253
Cost of sales	-	-	1,594,499	-	-	1,594,499
Capital outlay	-	-	-	5,187,565	-	5,187,565
Total expenditures	72,426,548	8,010,117	1,637,291	5,187,565	-	87,261,521
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	926,968	(209,616)	(12,715)	(4,489,867)	1,751	(3,783,479)
OTHER SOURCES AND (USES):						
Proceeds from issuance of debt	-	-	-	1,745,000	-	1,745,000
Operating transfers in	-	209,617	12,900	100,000	-	322,517
Operating transfers out	(322,517)	-	-	-	-	(322,517)
Total other sources (uses)	(322,517)	209,617	12,900	1,845,000	-	1,745,000
CHANGE IN FUND BALANCE	604,451	1	185	(2,644,867)	1,751	(2,038,479)
FUND BALANCE - beginning of year	9,337,224	(201)	72,311	2,429,657	476	11,839,467
FUND BALANCE - end of year	$ 9,941,675	$ (200)	$ 72,496	$ (215,210)	$ 2,227	$ 9,800,988

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net changes in fund balance - Total governmental funds	$ (2,038,479)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	5,403,979
Depreciation is not recorded as a expenditure in the governmental funds, but is recorded in the statement of activities.	(3,112,482)
Losses on the disposal of capital assets are recorded in the statement of activities, but not in the governmental funds.	(3,419)
Repayments of installment purchase debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	662,016
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	2,294,093
Amortization of premiums associated with long-term debt is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	232,174
Amortization of the deferred amount on refunding is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(87,585)
Proceeds from the issuance of bonds payable are revenue in the governmental funds, but are recorded as increases to liabilities in the statement of net position.	(1,745,000)
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions is reported as pension expense.	
District pension contributions	3,670,020
Cost of benefits earned, net of employee contributions	(3,741,502)
Governmental funds report district other postemployment contributions as expenditures. However, in the statement of activities, the cost of other postemployment benefits earned, net of employer contributions is reported as other postemployment benefits.	6,395,846
Certain expenses in the statement of activities do not require the use of current resources and are, therefore, not reported as expenditures in the governmental funds:	
Change in accrued interest	1,929
Change in compensated absences	13,903
Change in total other postemployment liability	(18,527,598)
Change in net position - Governmental activities	$ (10,582,105)

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	Private Purpose Trusts	Agency
ASSETS		
Cash-restricted	$ 139,066	$ 208,653
Investment in securities	288,508	-
Total assets	427,574	208,653
LIABILITIES		
Extraclassroom activity balances	-	113,796
Due to other funds	221,028	94,857
Other liabilities	1,693	-
Total liabilities	222,721	$ 208,653
NET POSITION		
Reserved for scholarships	$ 204,853	

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

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

		Private Purpose Trusts
ADDITIONS:		
Gifts and contributions	$	3,670
Investment earnings		5,456
Total additions		9,126
DEDUCTIONS:		
Scholarships and awards		8,198
Change in net position		928
NET POSITION - beginning of year		203,925
NET POSITION - end of year	$	204,853

1. NATURE OF OPERATIONS

Auburn Enlarged City School District (the District) provides free K-12 public education to students living within its geographic borders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Auburn Enlarged City School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the District are described below:

Reporting Entity
The District is governed by the laws of New York State and is an independent entity governed by an elected Board of Education (Board) consisting of 9 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 GAAP. 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. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a brief description of an entity included in the District's reporting entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Venture
The District is a component school district in The Cayuga-Onondaga Counties Board of Cooperative Educational Services (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares 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.

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

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

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

Basis of Presentation
The District's financial statements consist of school district-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund level financial statements which provide more detailed information.

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

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipient 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

The District reports the following major governmental funds:

- *General Fund*: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

- *Special Aid Fund*: This fund accounts 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*: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

- *Capital Projects Fund*: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

- *Debt Service Fund*: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of the governmental activities.

Fiduciary Funds

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

There are two types of fiduciary funds:

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

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

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 dates of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Non-exchange transactions in which the District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Cash

The District's cash consists of cash on hand and demand deposits.

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

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

Prepaid Expenditures

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

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

In the Government-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.

Capital Assets, net

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2002. For assets acquired prior to June 30, 2002, estimated historical costs have been based on appraisal or deflated current replacement cost. Donated assets are reported at estimated fair value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 5,000	SL	40
Building improvements	$ 5,000	SL	40
Site improvements	$ 5,000	SL	15 - 20
Furniture and equipment	$ 5,000	SL	5 - 20

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

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

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

Consistent with generally accepted accounting principles, an accrual for accumulated sick and vacation is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the pay rates in effect at year-end.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The 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 (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Retirement Benefits

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

Other Postemployment Benefits

In addition to providing retirement benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various current employment contracts. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through self-insured plans and claims are paid by the District. The District recognizes the cost of providing health insurance at the fund level by recording its share of the insurance claims as an expenditure when they are paid.

Bond Premiums

Premiums received by the District due to the issuance of serial bonds are recorded and accreted over the term of the related bonds. Amortization expense is included in general support expense in the government-wide statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes
Real property taxes are levied annually by the Board no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to December 10.

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

Real property taxes receivable expected to be collected within 60 days of year-end are recognized as revenue. Otherwise, unearned revenues offset real property taxes receivable.

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

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 60 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year rather than when measurable and available.

Short-Term Debt
The District may issue Tax Anticipation Notes (TANs), in anticipation of the receipt of tax revenue. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue Bond Anticipation Notes (BANs), 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 repaid or converted to long-term financing within five years after the original issue date.

Accrued Liabilities and Long-Term Obligations
Payables, accrued liabilities, and long-term obligations are reported in the government-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, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

District-Wide Statements – Equity Classifications
In the District-wide statements there are three classes of net position:

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

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

Unrestricted net position - reports all other 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.

Governmental Fund Financial Statements – Equity Classifications
In the fund financial statements there are five classifications of fund balance:

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually are required to be maintained intact.

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

<u>Capital</u>
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.

<u>Unemployment Insurance</u>
Unemployment insurance reserve (GML §6-m) is 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.

<u>Debt Service</u>
Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the debt service fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements – Equity Classifications (Continued)

Insurance

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

Liability

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

Tax Certiorari

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

Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Retirement Contribution

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements – Equity Classifications (Continued)

Committed fund balance - Includes amounts that can 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. The District has no committed fund balances as of June 30, 2018.

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances are classified as assigned fund balance in the general fund. Encumbrances reported in the general fund amounted to $546,000.

Unassigned fund balance - 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.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Fund Balance Spending Policy

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

3. 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 government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the statement of activities compared with the current financial resources focus of the governmental funds.

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities
Total fund balances of the District's governmental funds differs 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.

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities
Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

Long-Term Revenue and Expense Differences
Long-term revenue differences arise because governmental funds report revenue only when it is considered "available", whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

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

Long-Term Debt Transaction Differences
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

4. STEWARDSHIP AND COMPLIANCE

Budgets

The District administration prepares a proposed budget for approval by the Board for the general fund, which is the only fund for which legal (appropriated) budgets are adopted.

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

Appropriations established by the adoption of the budget constitute a limitation on expenditures, (and encumbrances), that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board as a result of selected new revenue sources not included in the original budget, (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

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

Encumbrances

Encumbrance accounting is used for budgetary 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 assigned fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

5. CASH

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

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

	Bank Balance	Carrying Amount
Demand deposits	$ 7,284,770	$ 4,706,499
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	$ 5,113,800	
Covered by FDIC insurance	3,536,501	
	$ 8,650,301	

Restricted cash represents cash where use is limited by legal requirements for reserves and debt service. The restricted cash at June 30, 2018 was as follows:

Governmental funds	$ 481,463
Fiduciary funds	347,719
	$ 829,182

6. RECEIVABLES

Receivables for governmental funds at June 30, 2018 are as follows:

Description	General	Special Aid	School Lunch	Capital Projects
Taxes receivables	$ 2,050,253	$ -	$ -	$ -
Other accounts receivables	382,605	3,997	93,739	18,200
Due from other funds	5,905,779	-	-	-
Due from State and Federal	3,880,255	5,021,282	-	-
Total	$ 12,218,892	$ 5,025,279	$ 93,739	$ 18,200

7. CAPITAL ASSETS

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

	July 1, 2017 Balance	Additions	Transfers	Deletions	June 30, 2018 Balance
Governmental activities:					
Capital assets that are not depreciated:					
Land	$ 866,980	$ -	$ -	$ -	$ 866,980
Construction in progress	3,719,430	5,087,565	(7,735,941)	-	1,071,054
Total non-depreciable cost	4,586,410	5,087,565	(7,735,941)	-	1,938,034
Capital assets that are depreciated:					
Buildings	97,541,989	100,000	3,275,118	-	100,917,107
Buildings/site improvements	6,077,080	-	4,460,823	-	10,537,903
Furniture and equipment	8,511,200	216,414	-	(43,613)	8,684,001
Total depreciable cost	112,130,269	316,414	7,735,941	(43,613)	120,139,011
Less accumulated depreciation:					
Buildings	(41,646,883)	(2,555,431)	-	-	(44,202,314)
Buildings/site improvements	(3,841,694)	(320,501)	-	-	(4,162,195)
Furniture and equipment	(8,035,107)	(236,550)	-	40,194	(8,231,463)
Total accumulated depreciation	(53,523,684)	(3,112,482)	-	40,194	(56,595,972)
Total cost, net	$ 63,192,995	$ 2,291,497	$ -	$ (3,419)	$ 65,481,073

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

General support	$ 398,018
Instruction	2,478,200
Pupil transportation	152,410
School lunch	83,854
Total	$ 3,112,482

8. SHORT-TERM DEBT

Short-term debt provides financing for District activities. The District issued a Bond Anticipation note in order to finance a capital project for reconstruction of school buildings and facilities within the District.

The following is a summary of changes in short-term debt for the year ended June 30, 2018:

Balance, July 1, 2017	$ 2,600,000
Borrowings	-
Repayments	(2,600,000)
Balance, June 30, 2018	$ -

9. LONG-TERM LIABILITIES

Interest on all debt for the year was composed of:

Interest paid	$ 1,385,253
Less interest accrued in prior year	(71,246)
Plus interest accrued in current year	69,317
Amortization of debt premiums	(232,174)
Amortization of deferred amount on refunding	87,585
Total expense	$ 1,238,735

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

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Amounts Due After One Year
Bonds and installment debt:						
General obligation bonds	$ 29,619,093	$ 1,745,000	$ (2,294,093)	$ 29,070,000	$ 2,730,000	$ 26,340,000
Installment purchase debt	6,835,982	-	(662,016)	6,173,966	684,569	5,489,397
Premium on bonds payable	2,132,827	-	(232,174)	1,900,653	-	1,900,653
	$ 38,587,902	$ 1,745,000	$ (3,188,283)	$ 37,144,619	$ 3,414,569	$ 33,730,050
Other Liabilties:						
Compensated absences	$ 131,527	$ -	$ (27,847)	$ 103,680	$ -	$ 103,680

Additions and deletions to compensated absences are shown net as it is impractical to determine additions and deletions separately.

9. LONG-TERM LIABILITIES (Continued)

Issue dates, maturities, and interest rates on outstanding debt are as follows:

	Issued	Maturity	Interest Rate	June 30, 2018 Balance
General obligation bonds:				
Capital Project	2009	2024	2.50-4.75%	$ 1,440,000
Refunding	2013	2029	2.75-3.50%	2,825,000
Refunding	2014	2029	2.00-5.00%	6,910,000
Refunding	2015	2032	2.00-3.50%	7,920,000
Refunding	2016	2024	1.84%	3,785,000
Serial Bond	2017	2033	2.00-3.00%	4,445,000
Serial Bond	2018	2033	2.99%	1,745,000
Total General obligation bonds				$ 29,070,000
Installment purchase debt:				
Energy performance contracts	2007-2016	2021-2032	3.306-3.97%	$ 6,173,966

The following is a summary of the maturity of bonds payable and installment debt payable:

Fiscal Year Ending June 30:	Principal	Interest	Total
2019	$ 3,414,569	$ 1,292,308	$ 4,706,877
2020	3,317,955	1,180,200	4,498,155
2021	3,377,209	1,066,383	4,443,592
2022	3,428,262	939,678	4,367,940
2023	3,499,124	809,589	4,308,713
2024-2028	12,278,040	2,366,152	14,644,192
2029-2033	5,928,807	449,617	6,378,424
Totals	$ 35,243,966	$ 8,103,927	$ 43,347,893

In 2017, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2018, $3,920,000 of bonds outstanding are considered defeased.

10. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position.

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

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

	Interfund		Interfund	
	Receivable	Payable	Revenue	Expenditure
General fund	$ 5,905,779	$ -	$ -	$ 322,517
Special aid fund	-	4,926,986	209,617	-
School lunch fund	-	55,881	12,900	-
Debt service fund	-	840	-	-
Capital fund	-	606,187	100,000	-
Total governmental activities	5,905,779	5,589,894	322,517	322,517
Fiduciary Funds	-	315,885	-	-
	$ 5,905,779	$ 5,905,779	$ 322,517	$ 322,517

11. PENSION PLANS

New York State Employees' Retirement System (NYSERS)

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

11. PENSION PLANS (Continued)

New York State Employees' Retirement System (NYSERS) (Continued)

Contributions

The NYSERS is noncontributory except for employees who joined the NYSERS after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	NYSERS
2018	$ 776,074
2017	$ 791,400
2016	$ 779,115

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

At June 30, 2018, the District reported a net pension liability of $602,018 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2018, the District's proportion was .0186531% percent, which was an increase of .0011478% from its proportionate share measured at June 30, 2017.

For the year ended June 30, 2018, the District recognized pension expense of $778,084. At June 30, 2018, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 214,720	$ 177,437
Changes of assumptions	399,188	-
Net difference between projected and actual earnings on pension plan investments	874,384	1,725,947
Changes in proportion and differences between the District's contributions and proportionate share of contributions	157,134	25,098
Contributions subsequent to the measurement date	195,666	-
Total	$ 1,841,092	$ 1,928,482

11. PENSION PLANS (Continued)

New York State Employees' Retirement System (NYSERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

Plan's Year Ended March 31:		
2019	$	179,148
2020		133,990
2021		(411,676)
2022		(184,518)
	$	(283,056)

The District recognized $195,666 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2018, which will be recognized a reduction of the net pension liability in the year ended June 30, 2019.

Actuarial Assumptions

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	3.8%, indexed by service
Projected COLAs	1.3% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.0% compounded annually, net of investment expenses

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 return, net of investment expenses 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.

11. PENSION PLANS (Continued)

New York State Employees' Retirement System (NYSERS) (Continued)

Actuarial Assumptions (Continued)
The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	36.0	4.55
International Equity	14.0	6.35
Private Equity	10.0	7.75
Real Estate	10.0	5.80
Absolute Return	2.0	4.00
Opportunistic Portfolio	3.0	5.89
Real Asset	3.0	5.54
Bonds & Mortgages	17.0	1.31
Cash	1.0	-0.25
Inflation-Indexed Bonds	4.0	1.50
	100%	

Discount Rate
The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan'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 liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption
The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Proportionate Share of Net Pension liability (asset)	$ 4,555,034	$ 602,018	$ (2,742,075)

11. PENSION PLANS (Continued)

New York State Employees' Retirement System (NYSERS) (Continued)

Pension Plan Fiduciary Net Position (000's)
The components of the current-year net pension liability of the employers as of March 31, 2018 were as follows:

Total pension liability	$	183,400,590
Plan net position		(180,173,145)
Net pension liability (asset)	$	3,227,445
NYSERS net position as a percentage of total pension liability		98.24%

New York State Teachers' Retirement System

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

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

Contributions
NYSTRS is noncontributory for employees who joined prior to July 27, 1976. For employees who joined NYSTRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

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

	TRS
2018	$ 2,893,946
2017	$ 3,555,381
2016	$ 3,721,548

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

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

At June 30, 2018, the District reported a net pension liability/(asset) of $(1,373,357) for its proportionate share of the NYSTRS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2018 the District's proportionate share was 0.1806810%, which was an increase of 0.0081440% from the proportionate share measured at June 30, 2017.

For the year ended June 30, 2018, the District recognized pension expense of $3,384,855. At June 30, 2018 the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,129,935	$ 535,456
Changes of assumptions	13,974,171	-
Net difference between projected and actual earnings on penion plan investments	-	3,234,652
Changes in proportion and differences between the District's contributions and proportionate share of contributions	129,830	611,964
Contributions subsequent to the measurement date	2,714,889	-
Total	$ 17,948,825	$ 4,382,072

The District recognized $2,714,889 as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date of June 30, 2017 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Plan's Year Ended June 30:	
2018	$ 249,884
2019	3,629,210
2020	2,577,804
2021	588,874
2022	2,570,106
Thereafter	1,235,986
	$ 10,851,864

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Actuarial Assumptions

The total pension liability at the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, with update procedures used to roll forward the total pension liability to June 30, 2017. These actuarial valuations used the following actuarial assumptions:

Inflation	2.50%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.5% compounded annually
Investment Rate of Return	7.25% compounded annually, net of pension plan investment expense, including inflation.

Annuitant morality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period of July 1, 2009 to 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 expect 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.

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Actuarial Assumptions (Continued)
Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the valuation date of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic equity	35.0	5.9
International equity	18.0	7.4
Real Estate	11.0	4.3
Private equities	8.0	9.0
Domestic fixed income securities	16.0	1.6
Global fixed income securities	2.0	1.3
High-yield fixed income securities	1.0	3.9
Mortgages	8.0	2.8
	1.0	0.6
	100%	

Discount Rate
The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption
The following presents the net pension liability (asset) of the District using the discount rate of 7.25%, as well as what the school districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.25 percent) or 1% higher (8.25 percent) than the current rate:

	(6.25%)	(7.25%)	(8.25%)
Proportionate Share of Net Pension liability (asset)	$ 23,658,867	$ 1,373,357	$ (22,336,601)

11. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Pension Plan Fiduciary Net Position (000's)

The components of the collective net pension liability (asset) of the participating school districts as of June 30, 2017, were as follows:

Total pension liability	$ 114,708,261
Plan net position	(115,468,360)
Net pension liability (asset)	$ (760,099)
NYSTRS net position as a percentage of total pension liability	100.66%

12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District provides postemployment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. The District is required to calculate and record an other postemployment benefit (OPEB) obligation at year-end. The net OPEB obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the funds as payments are made. For the year ended June 30, 2018, the District recognized expenditures of $5,562,820 for the claims paid for currently enrolled retirees for the self-insurance health plan. There were approximately 500 retirees and beneficiaries receiving benefits under this plan at June 30, 2018.

Funding Policy

As of the date of these financial statements, New York State did not yet have legislation that would enable government entities to establish a qualifying trust for the purpose of funding Other Postemployment Benefits. As such no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Actives not eligible to retire	478
Actives eligible to retire	114
Retired and surviving spouses	571
Retiree spouses covered	263
Total participants	1,426

Total OPEB Liability

The District's total OPEB liability of $184,358,418 was measured as of July 1, 2017, and was determined by an actuarial valuation as of that date.

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2017	$ 165,830,820
Changes for the Year-	
Service cost	6,056,658
Interest	6,433,113
Changes of benefit terms	71,534
Changes in assumptions	5,148,317
Differences between expected and actual experience	3,413,006
Benefit payments	(2,595,030)
Net changes	18,527,598
Balance at June 30, 2018	$ 184,358,418

Changes of assumptions and other inputs reflect a change in the discount rate from 3.80% in 2017 to 3.61% in 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

Long-Term Bond Rate: Based on the Fidelity Municipal Go AA 20 Year Bond rate as of the measurement date (or nearest business day thereto).

Fiscal Year Beginning 2017	3.80%
Fiscal Year Ending 2018	3.61%

Single Discount Rate: Reflects a blending of the investment rate of return and the long-term bond rate using expected plan benefit payments.

Fiscal Year Beginning 2017	3.80%
Fiscal Year Ending 2018	3.61%

Salary Scale: Reflects the rate at which payroll amounts are expected to increase over time for purposes of attributing liabilities under the Entry Age Normal, Level Percent of Pay actuarial cost method.

Fiscal Year Beginning 2017	3.31%
Fiscal Year Ending 2018	3.31%

Mortality Rates: 2015 NYS TRS mortality rates for active members for all active employees
2015 NYS TRS mortality base rates for services and deferred annuitants and beneficiaries, fully generational using Mortality Improvement Scale MP-2017 for retirees and surviving spouses.

Termination Rates: 2003 Society of Actuaries small plan withdrawal scaled 50%.

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Retirement Rates: Teachers - 2015 NYS TRS Tier 2-4 retirement rates; separate for males and females

Non-Teachers -

Age	Retirement Rate
55	20%
56-61	10%
62-65	30%
66-69	25%
70	100%

Marital Assumption: 70% of both male and female employees are assumed to be married at retirement and elect coverage for a spouse.

Spousal Ages: Actual age, if reported, for retirees. Otherwise males are assumed to be three years older than females.

Participation Rate: 100% of all active employees currently enrolled in the OPEB plan are assumed to continue coverage into retirement. Employees who currently have waived coverage are assumed not to re-enter the plan prior to retirement

80% of spouses

80% of survivors

Health Care Cost Trends: The short-term trend rates were based on the National Health Expenditure Projections 2008-2024 and reflect the impact of legislative changes in 2015.

Long-term trend rates were developed using the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model.

Administrative Trend Rate: 5%

Sick Leave Assumption: General Services Unit Employees are assumed to have sick leave accumulated to be eligible for the equivalen of 5 years of District paid health coverage at retirement.

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.61%) or 1 percentage point higher (4.61%) than the current discount rate:

	1% Decrease (2.61%)	Current Discount (3.61%)	1% Increase (4.61%)
Total OPEB Liability	$ 224,159,641	$ 184,358,418	$ 153,517,618

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

	Healthcare Cost Trend Rate		
	1% Decrease (5.20 to 3.17%)	Current Discount (6.20 to 4.17%)	1% Increase (7.20 to 5.17%)
Total OPEB Liability	$ 138,878,799	$ 184,358,418	$ 245,453,121

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2018, the District recognized OPEB expense of $15,319,628. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 16,788,179	$ -
Changes of assumptions	3,718,229	10,673,521
Contributions subsequent to measurement date	5,562,820	-
Total	$ 26,069,228	$ (10,673,521)

12. OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

Fiscal Year Ending June	Amount
2019	$ 2,758,323
2020	2,758,323
2021	1,807,066
2022	380,178
2023	380,178
Thereafter	1,748,819
	$ 9,832,887

The District recognized $5,562,820 as a deferred outflow of resources resulting from the benefit payments made subsequent to the measurement date of July 1, 2017, which will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019.

13. RISK MANAGEMENT

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

Unemployment
District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar for dollar reimbursement to the fund for the benefits paid from the fund to former employees. The expenditures of this program for the 2017-18 fiscal year totaled $16,208. In addition, as of June 30, 2018, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

13. RISK MANAGEMENT (Continued)

Workers' Compensation Plan

The District is a member of the Onondaga-Cortland-Madison Counties BOCES Consortium Workers' Compensation Self-Insurance Plan (the Plan). Current membership of the Plan includes various municipal entities. 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 Plan participants are charged an annual assessment which is allocated in light of comparative experience and relative exposure based on the estimated total liability of the participating members actuarially computed each year.

The Plan purchases, on an annual basis, stop-loss insurance to limit exposure for claims paid.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claim liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. During the year ended June 30, 2017, the District incurred premiums or contribution expenditures totaling $365,842.

Health Insurance Plan

The District has a District-wide self-insured Health Insurance Plan administered through a third party insurance carrier. Claims incurred but not reported (IBNR) was approximately $2,388,000 at June 30, 2018 and was recorded in the General Fund in accrued liabilities.

14. CONTINGENCIES AND COMMITMENTS

Litigation

The District has been named as defendant in several tax certiorari cases. A review by the District and the District's attorneys indicate these actions are not substantial enough to materially affect the financial position of the District.

The District has also been named as a defendant in certain other actions. The District intends to defend itself vigorously in each of these cases. Accordingly, no loss contingency has been accrued.

Other Contingencies

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.

15. ACCOUNTING PRONOUNCEMENTS ISSUED NOT YET IMPLEMENTED

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. The District is required to adopt the provisions of this Statement for the year ending June 30, 2020.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement apply to the financial statements of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The District is required to adopt the provisions of this Statement for the year ending June 30, 2019.

In March 2017, the GASB issued Statement No. 85, *Omnibus*. This Statement establishes practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The District is required to adopt the provisions of this Statement for the year ending June 30, 2019.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement establishes consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The District is required to adopt the provisions of this Statement for the year ending June 30, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement establishes accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is required to adopt the provisions of this Statement for the year ending June 30, 2021.

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15. ACCOUNTING PRONOUNCEMENTS ISSUED NOT YET IMPLEMENTED (Continued)

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement improves the information that is disclosed in the notes to govern financial statements related to debt, including direct borrowings and direct placements. It also clarified which liabilities governments should include when disclosing information related to debt. The District is required to adopt the provisions of this Statement for the year ending June 30, 2019.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*. This statement establishes accounting requirements for interest cost incurred before the end of the construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of the construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of the construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of the construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The District is required to adopt the provisions of the Statement for the year ending June 30, 2020.

The District has not assessed the impact of these statements on its future financial statements.

16. TAX ABATEMENT

The District has multiple real property tax abatement agreements entered into by the Cayuga County Economic Development Agency (CEDA) under Article 18-A of the real property tax law. These agreements provide for abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) and are under one of the following three programs:

Real Property Tax
The uniform exemption from real property taxes is for a period of ten (10) years at a percentage equal to one hundred percent (100%) of the real property taxes which would otherwise be due for the first year of operation of the project, declining in an amount of ten percent (10%) per year after such commencement until the exemption equals zero.

Sales and Use Tax
The exemption from sales and use tax relates to construction, renovation or equipping of a project, to the fullest extent permitted by New York State law, during the period of construction, renovations or equipping, or until the earlier of:

1. The completion date of project; or
2. Three (3) years measured from commencement of construction, renovation or equipping of the project.

The Applicant must comply with the reporting requirements established by Sections 2326 and 2326-a of the New York Public Authorities Law and Section 875 of the New York General Municipal Law.

Mortgage Recording Tax
The exemption from the mortgage recording tax is available for all projects, to the fullest extent permitted by New York State law, in which the mortgage on the project is granted as security for the Authority’s obligations or a mortgage to secure conventional financing in a straight lease transaction.

16. TAX ABATEMENT (Continued)

The following information summarizes the PILOT agreements entered into by the Cayuga County EDA relating to the District:

Year Began	Agreement / Property	Assessed Value	Abatement Rate	Pilot Taxable Value	Tax Rate / 1000	Taxable Amount	Payment Received	Taxes Abated
2012	Auburn Community Hotel	$ 9,880,000	Set Payment	$ 819,000	18.136663	$ 179,190	$ 14,854	$ 164,336
2001	Bluefield Manor	$ 5,693,100	Set Payment	$ 92,696	18.136663	$ 103,254	$ 42,917	$ 60,337
2014	Calamer	$ 8,357,200	20%	$ 1,671,440	18.136663	$ 151,572	$ 30,315	$ 121,256
2016	Carovail	$ 1,000,000	0%	$ -	18.136663	$ 18,137	$ -	$ 18,137
2000	Central Building	$ 3,500,000	Set Payment	$ 45,000	18.136663	$ 63,478	$ 20,835	$ 42,644
2003	Community Computer	$ 1,443,400	Varies	$ 645,150	18.136663	$ 26,178	$ 11,701	$ 14,478
2013	Currier/ Gen West	$ 2,607,400	21%	$ 328,532	18.136663	$ 28,374	$ 5,958	$ 22,415
1995	FLRR	Unknown	None	$ 11,874	18.136663	Unknown	$ 5,749	Unknown
1996	Goulds Xylem	$ 5,750,000	Set Payment	$ 354,573	18.136663	$ 104,286	$ 164,164	$ (59,878)
2013	JBJ	$ 3,908,994	Set Payment	$ 131,155	18.136663	$ 70,896	$ 60,724	$ 10,173
2010	Logan Lofts	$ 2,034,200	12%	$ 1,339,491	18.136663	$ 36,894	$ 2,915	$ 33,978
2015	Mack Studios	$ 1,040,000	7%	$ 72,800	18.136663	$ 18,862	$ 1,143	$ 17,720
2003	McQuay	$ 12,435,500	Set Payment	$ 11,990,500	18.136663	$ 225,538	$ 217,468	$ 8,071
2012	NUCOR	$ 30,635,888	Set Payment	$ 179,544	18.136663	$ 555,633	$ 83,127	$ 472,506
2012	PBMM	$ 1,366,200	40%	$ 546,480	18.136663	$ 24,778	$ 9,911	$ 14,867
2012	Seminary Commons	$ 1,559,700	Set Payment	$ 700,000	18.136663	$ 28,288	$ 12,696	$ 15,592
2014	WST33	$ 2,267,300	Set Value	$ 472,900	18.136663	$ 41,121	$ 9,216	$ 31,905
						$ 1,676,479.17	$ 693,692.94	$ 988,535.38

The District is also subject to Mortgage and Sales tax abatements granted by the Cayuga County EDA in order to increase business activity and employment in the region. The amount of mortgage tax abated in the District for the year ended June 30, 2018 was $0. The amount of sales tax abated in the District for the year ended June 30, 2018 was $82,095.

REQUIRED SUPPLEMENTARY INFORMATION

AUBURN ENLARGED CITY SCHOOL DISTRICT

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
REVENUE					
Local sources:					
Real property taxes	$ 30,789,198	$ 26,199,783	$ 26,191,296	$ -	$ (8,487)
Other tax items	564,460	5,153,875	5,190,600	-	36,725
Charges for services	84,450	84,450	196,727	-	112,277
Use of money and property	84,500	84,500	88,419	-	3,919
Sale of property and compensation for loss	6,000	34,843	73,401	-	38,558
Miscellaneous	1,775,100	1,826,666	1,725,222	-	(101,444)
Total local sources	33,303,708	33,384,117	33,465,665	-	81,548
State sources	40,128,641	40,188,641	39,700,778	-	(487,863)
Medicaid reimbursement	250,000	250,000	187,073	-	(62,927)
Total revenue	73,682,349	73,822,758	73,353,516	-	(469,242)
EXPENDITURES					
General support					
Board of education	41,250	41,750	32,303	7,900	1,547
Central administration	247,220	250,020	233,204	535	16,281
Finance	445,570	456,205	448,214	-	7,991
Staff	872,435	880,310	774,872	42,743	62,695
Central services	5,172,385	5,221,230	4,920,862	121,679	178,689
Special items	1,081,500	1,045,200	1,013,600	1,685	29,915
Total general support	7,860,360	7,894,715	7,423,055	174,542	297,118
Instruction					
Instruction, administration & improvement	2,204,573	2,181,908	2,085,890	12,683	83,335
Teaching - regular school	19,511,615	19,835,476	19,876,348	172,556	(213,428)
Programs for students with disabilities	12,360,062	12,461,272	11,533,420	244	927,608
Occupational education	1,700,096	1,583,873	1,540,491	161	43,221
Teaching - special schools	286,822	295,122	289,848	-	5,274
Instructional media	2,589,868	2,543,785	2,406,544	20,805	116,436
Pupil services	1,980,922	2,079,042	1,995,990	43,183	39,869
Total instruction	40,633,958	40,980,478	39,728,531	249,632	1,002,315
Pupil transportation	2,711,421	2,644,997	2,596,087	-	48,910
Employee benefits	19,571,998	19,140,456	18,337,513	121,826	681,117
Debt service - Principal	2,922,020	2,957,254	2,956,109	-	1,145
Debt service - Interest	1,462,496	1,384,362	1,385,253	-	(891)
Total expenditures	75,162,253	75,002,262	72,426,548	546,000	2,029,714
Excess (deficiency) of revenue over expenditures	(1,479,904)	(1,179,504)	926,968	(546,000)	1,560,472
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(110,000)	(739,400)	(322,517)	-	416,883
Appropriations	1,589,904	1,918,904	-	-	(1,918,904)
Total other financing sources (uses)	1,479,904	1,179,504	(322,517)	-	(1,502,021)
NET CHANGE IN FUND BALANCE	$ -	$ -	604,451	$ (546,000)	$ 58,451
FUND BALANCE - beginning of year			9,337,224		
FUND BALANCE - end of year			$ 9,941,675		

AUBURN ENLARGED CITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB Liability										
Service cost	$ 6,057	$ 5,723								
Interest	6,433	5,232								
Changes of benefit terms	72	-								
Differences between expected and actual experience	3,413	17,307								
Changes in assumptions	5,148	(12,897)								
Benefit payments	(2,595)	(2,403)								
Total change in total OPEB liability	18,528	12,962								
Total OPEB liability - beginning	165,830	152,868								
Total OPEB liability - ending (a)	$ 184,358	$ 165,830								
Covered-employee payroll	$ 30,741	$ 30,741								
Total OPEB liability as a percentage of covered-employee payroll	599.7%	539.4%								

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

	2018	2017	2016
Discount rate	3.61%	3.80%	3.35%

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The actuarial cost method has been updated from Projected Unit Credit to Entry Age Normal, which caused a decrease in liabilities.

The healthcare trend cost rates have been reset to an initial rate of 5.3% decreasing to an ultimate rate of 4.17% in 2070.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:
- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

AUBURN ENLARGED CITY SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability (asset)	0.02%	0.02%	0.02%	0.02%						
Proportionate share of the net pension liability (asset)	$ 602	$ 1,645	$ 2,975	$ 612						
Covered-employee payroll	$ 5,564	$ 5,468	$ 5,262	$ 4,915						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.82%	30.08%	56.54%	12.45%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.24%	94.70%	90.70%	97.90%						

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability (asset)	0.2%	0.2%	0.2%	0.2%						
Proportionate share of the net pension liability (asset)	$ (1,373)	$ 1,848	$ (18,195)	$ (19,108)						
Covered-employee payroll	$ 27,703	$ 28,632	$ 26,624	$ 37,432						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-4.96%	6.45%	-68.34%	-51.05%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.66%	99.01%	110.46%	111.48%						

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

AUBURN ENLARGED CITY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 776	$ 791	$ 779	$ 924						
Contributions in relation to the contractually required contribution	776	791	779	924						
Contribution deficiency (excess)	$ -	$ -	$ -	$ -						
Covered-employee payroll	$ 5,564	$ 5,468	$ 5,262	$ 4,915						
Contributions as a percentage of covered-employee payroll	13.95%	14.47%	14.80%	18.80%						

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 2,894	$ 3,555	$ 3,722	$ 4,808						
Contributions in relation to the contractually required contribution	2,894	3,555	3,722	4,808						
Contribution deficiency (excess)	-	-	-	-						
Covered-employee payroll	$ 27,703	$ 28,632	$ 26,624	$ 37,432						
Contributions as a percentage of covered-employee payroll	10.45%	12.42%	13.98%	12.84%						

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

SUPPLEMENTARY INFORMATION
(UNAUDITED)

AUBURN ENLARGED CITY SCHOOL DISTRICT

SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET AND SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION - GENERAL FUND (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2018

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	$ 75,272,253
Add: Prior year's encumbrances	328,900
Original budget	75,601,153
Budget revisions:	
General support	$ (43,624)
Instruction	95,599
Pupil transportation	(66,424)
Debt service	(42,900)
Employee benefits	(431,542)
Transfer to other funds	629,400
Total budget revisions	140,509
Final budget	$ 75,741,662

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2018-19 voter-approved expenditure budget	$ 76,422,256	
Maximum allowed (4% of 2018-2019 subsequent year's budget):		$ 3,056,890
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :		
Unrestricted fund balance:		
Committed fund balance	-	
Assigned fund balance	1,866,000	
Unassigned fund balance	3,056,674	
Total unrestricted fund balance	4,922,674	
Less:		
Appropriated fund balance	1,320,000	
Encumbrances included in assigned fund balance	546,000	
Total adjustments	1,866,000	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 3,056,674
Actual percentage		4.00%

AUBURN ENLARGED CITY SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

	Authorization		Expenditures			
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Available Balance
Alterations 2011	$ 19,515,000	$ 18,382,500	$ 15,793,267	$ 2,571,777	$ 18,365,044	$ 17,456
Camera/Security Project	-	1,132,500	1,077,026	-	1,077,026	55,474
Turf/Stadium Improvements	2,800,000	2,800,000	1,236,234	1,563,766	2,800,000	-
Smart School Bond	3,526,117	3,526,117	117,147	884,503	1,001,650	2,524,467
EPC-Lighting & HVAC Upgrades	2,036,698	2,036,698	2,036,698	-	2,036,698	-
Pre-Referendum (new project)	-	-	-	63,346	63,346	(63,346)
High School Auditorium Sound System	100,000	100,000	12,668	4,173	16,841	83,159
Energy Performance Contract	100,000	100,000	-	100,000	100,000	-
	$ 28,077,815	$ 28,077,815	$ 20,273,040	$ 5,187,565	$ 25,460,605	$ 2,617,210

AUBURN ENLARGED CITY SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED)
JUNE 30, 2018

Capital assets, net	$ 65,481,073
Add:	
Deferred amounts on refunding	774,864
Unspent serial bond and bond anitipation note proceeds	478,396
Deduct:	
Short-term portion of bonds payable	$ (2,730,000)
Long-term portion of bonds payable	(28,240,653)
Short-term portion of installment debt payable	(684,569)
Long-term portion of installment debt payable	(5,489,397)
Net investment in capital assets	$ 29,589,714

UNIFORM GUIDANCE

Bonadio & Co., LLP
Certified Public Accountants

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*

October 4, 2018

To the Board of Education of
the Auburn Enlarged City School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Auburn Enlarged City 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 of the District's internal control.

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

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

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(Continued)

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*
(Continued)

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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Bonadio & Co., LLP

Bonadio & Co., LLP
Certified Public Accountants

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

October 4, 2018

To the Board of Education of the
the Auburn Enlarged City School District:

Report on Compliance for Each Major Federal Program

We have audited the Auburn Enlarged City School District's (the District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program 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 the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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.

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(Continued)

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

Report on Internal Control Over Compliance
Management of the 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

Bonadio & Co., LLP

AUBURN ENLARGED CITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grant Number	Expenditures
U.S. Department of Agriculture:			
Child Nutrition Cluster:			
National school lunch program	10.555	N/A	$ 108,556
Passed through New York State Dept. of Education:			
School breakfast program	10.553	N/A	363,143
National school lunch program	10.555	N/A	974,036
Total Passed through New York State Department of Education			1,337,179
Subtotal Child Nutrition Cluster			1,445,735
Total U.S. Department of Agriculture			1,445,735
U.S. Department of Education			
Passed through New York State Dept. of Education:			
Title I Grants to Local Educational Agencies	84.010	0021-18-0280	1,302,191
Title I Grants to Local Educational Agencies	84.010	0011-18-2016	168,718
Subtotal Tile I Grants to Local Educational Agencies			1,470,909
School Safety National Activities	84.184	N/A	218,470
Special Education Cluster			
Special Education Grants to States	84.027	0032-18-0087	1,090,621
Special Education Preschool Grants	84.173	0033-18-0087	55,315
Subtotal Special Education Cluster			1,145,936
Rural Education	84.358	0006-18-0280	12,551
Supporting Effective Instruction State Grants	84.367	0147-18-0280	199,887
Total Passed through New York State Education Department			3,047,753
Total U.S. Department of Education			3,047,753
Total expenditures of federal awards			$ 4,493,488

Total Program Expenditures by CFDA Number			
National School Lunch Program	10.555	N/A	$ 1,082,592

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Auburn Enlarged City School District (District), under programs of the federal government for the year ended June 30, 2018. The information in this 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or the respective changes in financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented in conformity with accounting principles generally accepted in the United States and the amounts presented are derived from the District's general ledger.

The District did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. PASS-THROUGH PROGRAMS

Where the District receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number advised by the pass-through grantor.

Identifying numbers, other than the CFDA numbers, which may be assigned by pass-through grantors are not maintained in the District's financial management system. The District has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards, as available.

4. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent they are included in the financial reports used as the source for the expenditures presented.

5. MATCHING COSTS

Matching costs, i.e., the District's share of certain program costs, are not included in the reported expenditures.

6. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal financial award program that does not result in cash receipts or disbursements termed a "non-monetary" program. During the year ended June 30, 2018, the District received food commodities, the fair value of which amounted to $108,556, is presented in the Schedule as National School Lunch Program (Division of Donated Foods, CFDA#10.555) and was considered in the District's single audit.

AUBURN ENLARGED CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	___ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes	X None noted
Noncompliance material to financial statements noted?	___ Yes	X No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes	X None noted
Type of auditor's report issued on compliance for major program	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	___ Yes	X No

Identification of major programs:

CFDA Number	Name of Federal Program
10.553; 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualifed as low-risk auditee?	X Yes	___ No

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None