

**GREENWICH CENTRAL SCHOOL**

**Financial Statements and Independent Auditor's Report**

**June 30, 2018**

## Greenwich Central School

June 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
Greenwich Central School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund. And the aggregated remaining fund information of Greenwich Central School (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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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 financial position of the governmental activities, each major fund and the aggregate remaining fund information of Greenwich Central School 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.

## **Other Matters**

### **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 funding progress – other post-employment benefits, contributions, schedule of proportionate share of the net pension liability (asset), and schedule of contributions – pension plans to 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

### **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 described in the table of contents as required by New York State Education Department, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

In Accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The 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.

September 17, 2018

*Jenkins, Beecher, & Bethel, LLP*

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**Greenwich Central School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

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The following is a discussion and analysis of Greenwich Central School District's financial performance for the fiscal year ended June 30, 2018. This 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

- The District student enrollment decreased from 1,050 students for the 2016-2017 school year to 953 for the 2017-2018 school year
- During the fiscal year, the district expended \$1,168,842 of funds on various capital projects, as displayed on supplemental schedule #4.
- The District's general fund revenues increased by \$1.07M or 5.0% over the previous year. 3.8% or \$760K of this increase was in State Aid. The District's general fund expenditures increase by \$760K or 3.8% compared to the prior year. Salaries and benefits make up the largest increase in expenses. Based on that overall instruction or teaching increased \$300K, overall benefits increased \$200K, \$100K increase in general support and \$100K in debt service.

### OVERVIEW OF THE FINANCIAL STATEMENTS

Greenwich Central School District annual financial report consists of three parts: MD&A (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 *fund financial* statements that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.
- The *governmental funds* statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

Figure A-1 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

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

## 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 revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net position (the difference between the School District's assets and liabilities) are one way to measure the District's financial health or position.

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

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

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the School District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the 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.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Table 2 shows a two-year analysis of the District's net position

### Condensed Statement of Net Position

	Governmental Activities And Total School District		Percentage Change
	2017	2018	2017-2018
Current and Other Assets	\$ 8,398,862	\$ 9,036,690	7.59%
Capital Assets & Deferred Outflows	19,303,617	18,135,956	-6.05%
<b>Total Assets</b>	<b>27,702,479</b>	<b>27,172,646</b>	<b>-1.91%</b>
Long-Term Debt Outstanding	29,639,202	48,737,685	64.44%
Other Liabilities	2,450,655	2,863,239	16.84%
<b>Total Liabilities</b>	<b>32,089,857</b>	<b>51,600,924</b>	<b>60.80%</b>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	7,142,395	7,043,643	-1.38%
Restricted	100,353	365,800	264.51%
Unrestricted	-11,630,126	-31,837,721	173.75%
<b>Total Net Position</b>	<b>\$ -4,387,378</b>	<b>\$ -24,428,278</b>	<b>456.79%</b>

Note: Totals may not add due to rounding.

### Changes in Net Position

The District's fiscal year 2018 revenues totaled \$22.62 million. Property taxes and state formula aid accounted for most of the District's revenue by contributing 48% and 46% respectively, of every dollar earned. The remainder came from fees charged for services, operation grants and other miscellaneous sources. These revenues are shown in table 3.

The total cost of all programs and services totaled \$24.73 million for fiscal year 2018. These expenses (89.04%) are predominately support to general support, instruction, and employee benefits. These expenses are shown in table 3.



Table 3 shows a two-year analysis of the districts revenues and expenditures for the 2017 and 2018 school years.

**Changes in Net Assets from Operating Results**

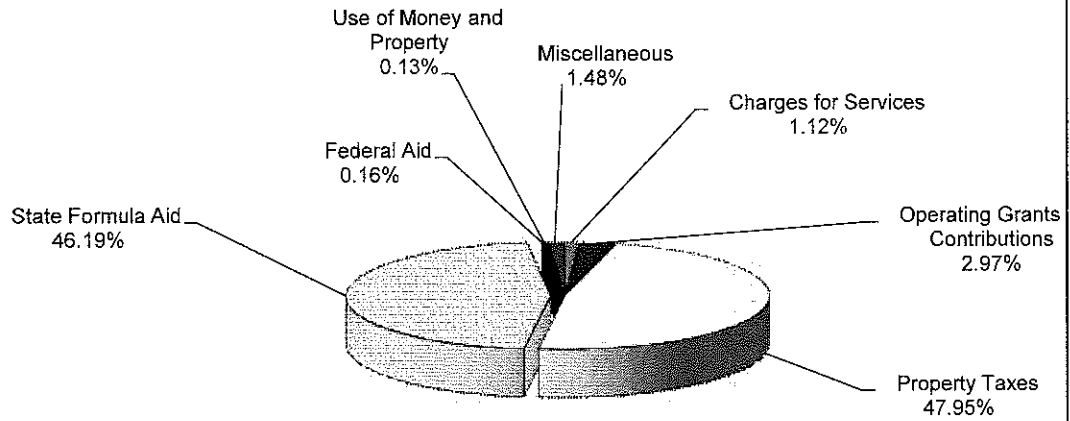
	Governmental and Total School District		Percentage Change
	2017	2018	2017-2018
<b>Revenues</b>			
Program Revenue			
Charges for Services	\$ 246,271	\$ 252,444	2.51%
Operating Grants and Contributions	748,615	671,533	-10.30%
Capital Grants Contributions			
General Revenues			
Property Taxes	10,609,074	10,847,782	2.25%
State Formula Aid	9,046,803	10,450,856	15.52%
Federal Aid	40,755	37,113	-8.94%
Use of Money and Property	13,356	28,906	116.43%
Miscellaneous	296,050	335,280	13.25%
Total Revenues	<u>\$ 21,000,924</u>	<u>\$ 22,623,914</u>	<u>7.73%</u>
<b>Expenses</b>			
General Support	\$ 1,974,481	\$ 2,031,227	2.87%
Instruction	11,773,418	12,108,636	2.85%
Transportation	626,161	690,434	10.26%
Employee Benefits	7,855,008	7,879,767	0.32%
Debt Service - Interest	314,635	316,008	0.44%
Depreciation	1,455,034	1,226,661	-15.70%
School Lunch Program	340,888	337,927	-0.87%
Other	138,550	139,903	0.98%
Total Expenses	<u>24,478,175</u>	<u>24,730,563</u>	<u>1.03%</u>
<b>Decrease in Net Position</b>	<u>\$ -3,477,251</u>	<u>\$ -2,106,649</u>	<u>N/A</u>

Note: Totals may not add due to rounding.

Chart 1 and Chart 2 visually depict the revenues and expenses for the 2017-2018 year.

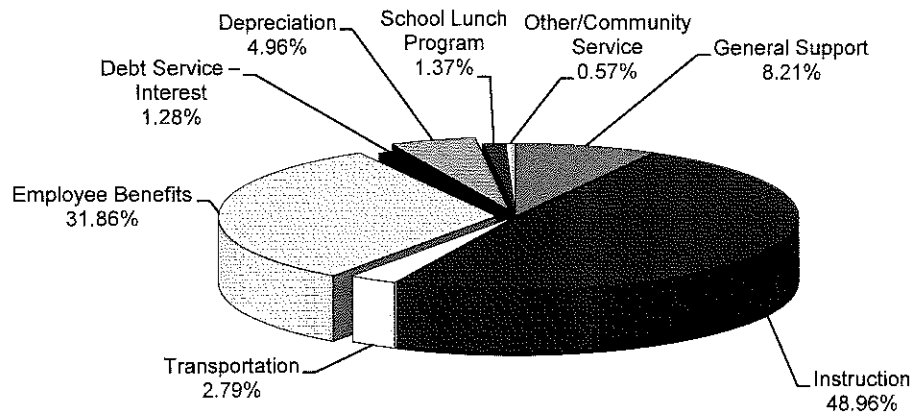
**Chart 1**

**Sources of Revenues for Fiscal Year 2018**



**Chart 2**

**Expenses for Fiscal Year 2018**



## Governmental Activities

The table below presents the cost of seven major districts areas. The table also shows each activity net cost, (total cost less fees generated by the activity and grants received for specific programs). The total net cost shows the financial burden placed on the district.

**Table 4** **Net Cost of Governmental Activities**

	Total Cost of Services		Percent Change	Net Cost of Services		Percent Change
	2017	2018	2017-2018	2017	2018	2017-2018
General Support	\$ 1,974,481	\$ 2,031,227	2.87%	\$ 1,974,481	\$ 2,031,227	2.87%
Instruction	11,773,418	12,108,636	2.85%	11,122,983	11,512,250	3.50%
Pupil Transportation	626,161	690,434	10.26%	626,161	690,434	10.26%
Employee Benefits	7,855,008	7,879,767	0.32%	7,855,008	7,879,767	0.32%
Debt Service – Interest	314,635	316,008	0.44%	314,635	316,008	0.44%
Depreciation	1,455,034	1,226,661	-15.70%	1,455,034	1,226,661	-15.70%
Other	138,550	139,903	0.98%	138,550	139,903	0.98%
Cost of Sales – Food	340,888	337,927	-0.87%	-3,563	10,336	-390%
<b>Total</b>	<b>\$ 24,478,175</b>	<b>\$ 24,730,563</b>	<b>1.03%</b>	<b>\$ 23,483,289</b>	<b>\$ 23,806,586</b>	<b>1.38%</b>

Note: Totals may not add due to rounding

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for 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 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 current payments for debt.

No other significant variances are reflected in the governmental fund financial statements for 2018.

The District maintains reserve funds for unemployment insurance and retirement contributions.

General Fund – The general fund, fund balance increased by \$719,991 as shown in statement #5.

School Lunch Fund – The school lunch fund, fund balance decreased by \$10,287 as shown in statement #5.

Debt Service Fund – The debt service fund, fund balance increased by \$1,294 as shown in statement #5.

Capital Projects Fund – the capital project fund, fund balance decreased by \$318,808 as shown in statement #5.

### General Fund Budgetary Highlights

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the board approves them because of a need that exists which was not determined at the time the budget was adopted. The following is a schedule of budget modifications that occurred during the year.

Original adopted budget	\$ 20,930,570
* Budget revisions	135,882
June 30, 2017 carryover encumbrances	<u>104,437</u>
Revised budget	\$ 21,170,889
Actual 2018 expenditures (see SS#2)	<u>20,432,971</u>
Total expenditures under budget	\$ <u><u>737,918</u></u>

\*Budget revisions were made to accommodate the following actions:

- \$135,882 Library

## CAPITAL ASSET AND DEBT ADMINISTRATION

By the end of fiscal year 2018, the district had invested \$18,135,956, net of accumulated depreciation, in a broad range of capital assets.

**Table 5 Capital Assets (Net of Depreciation)**

### Capital Assets (Net of Depreciation)

	Governmental Activities and Total School District		Percentage Change
	2017	2018	
Land	\$ 842,083	\$ 842,083	0.00%
Buildings	17,151,671	16,040,216	-6.48%
Equipment and Furniture	1,309,863	1,253,657	-4.29%
<b>Total</b>	<b>\$ 19,303,617</b>	<b>\$ 18,135,956</b>	<b>-6.05%</b>

Note: Totals may not add due to rounding.

### Long-Term Debt

As of June 30, 2018, the District had outstanding long-term liabilities of \$48,737,685. The various obligations are listed below in Table 6.

**Table 6 Outstanding Long-Term Debt**

### Outstanding Long-Term Debt

	Governmental Activities and Total School District		Percentage Change 2017-2018
	2017	2018	
General Obligation Bonds	\$ 12,161,222	\$ 11,092,313	-9.64%
Post Employment Benefits	17,477,980	37,645,372	53.57%
<b>Total</b>	<b>\$ 29,639,202</b>	<b>\$ 48,737,685</b>	<b>39.19%</b>

# FACTORS BEARING ON THE DISTRICT'S FUTURE

## NEXT YEAR'S BUDGET AND RATES

In the fiscal years from 2011 thru 2016, the district faced consecutive deficits totaling more than 1.6M. This was a direct result of a reduction in state aid to Greenwich totaling 6.2 million or approximately 1.05 million per year over that period. As a result, the district had made cuts in staffing and general spending while the cost of payroll and benefits continued to rise. The district had to spend down overall fund balance from approximately 2.7M to under 1M to keep tax rates to a minimum and to stay within the tax cap law. Because of the multi-year deficits and a declining fund balance, Greenwich CSD was marked as a "susceptible fiscal stress" by the NYS Comptroller's Office. With the help of additional State Aid and by managing spending, the district has had two consecutive years of surplus resulting in an overall increase in fund balance back to \$2M.

NYS went from a property tax freeze credit to a property tax relief credit that began in 2016 to homeowners living in school districts that approve tax levy amounts at or below the tax levy limit. This tax relief credit is expected to be fully phased in in 2019. For school district taxpayers, each resident will receive a refund in the form of a check from the State for income under \$275,000. The 2018-19 calculation for the tax levy limit is 2.29%. This is a calculation based on the cost of living index at 2.0% and an increase in tax base growth factor.

In developing the school budget, over 70% is made up of salaries and benefits. For the 2018-19 budget, salary increase were just over 3% and benefits at 5%. The salaries for teachers and other teaching duties were estimated as the Greenwich Teachers' Association contract was up on June 30, 2018. Benefits are made up of health insurance, social security and medicare, retirement systems such as the NYS Teachers Retirement System and the NYS Employers Retirement System, and workers compensation. The school health insurance plan rates increased only 3%, but the trend is 5-6% per year going forward. Out of district tuition for special needs students increased substantially. Included in the 2018-19 budget for the first time is a one-time transfer of \$100K to the Capital fund for annual \$100K or less project work. This project work is expected to be planned in 2018-19, completed in 2019-20 and aided in the following year. The districts building aid is currently at 81.9%. The plan is to continue the small \$100K projects each year, costing the district approximately \$18K for \$100K of work completed.

The Greenwich Central School District budget was passed by the community on the uniform State voting date of May 15, 2018. The total was 256 yes to 90 no. Participation was up from the prior year by 20%. There were two board seats, one for a full five-year term and the other for a three-year term. The three-year term was to complete term held by a board member that had to leave. The budget was proposed with a 3.5% increase. In addition, there was a capital proposition for a two (2) new buses that also passed. The budget passed by 74%, which was slightly less than the 76% the prior year. The passage of the budget set the spending level for 2018-19.

Total fund balance increased at year-end 2018 by \$719K putting the total fund balance at \$2.07 million of which 365K is restricted and \$475K assigned for 2018-19. The unassigned fund balance at year-end 2018 was just over 1.2 million dollars or 5.7% of the 2018-19 approved budget.

The school district includes parts of eight towns in Washington County. Equalization rates spread the tax levy over taxable assessed value to maintain a uniform tax rate on true value. The tax on true value remained consistent at \$17.11 per \$1000.

### **Economic Factors**

Aid from New York State makes up about 46% of revenues in Greenwich while 50% comes from the property taxes that are collected in September. Property taxes and lottery aid revenue is collected in the fall and State Aide is received over the remaining length of the fiscal year allowing for positive cash flow.

The Fort Miller Company is the largest employer in the school district with over 200 employees followed by H&V, a manufacturer of paper products, with just under 200 employees. Global Foundries facility in Malta provides jobs to approximately 3,400 employees. The school district border is 15 miles from their Technology Park.

The tax base growth factor in Greenwich continues to rise. The tax base growth factor for the Town of Greenwich is estimated at 2%, the highest in all Washington County.

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

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact

**Greenwich Central School  
Business Office  
Troy Tyler, Business Administrator  
10 Gray Avenue  
Greenwich, New York 12834  
(518) 692-9542 Ext. 6803**



## FINANCIAL STATEMENTS

**Greenwich Central School  
Statement of Net Position  
Governmental Activities  
June 30, 2018**

**Statement #1**

<b>ASSETS</b>		
Cash		
Unrestricted	\$ 1,604,495	
Restricted	<u>365,800</u>	
Investments		
Unrestricted		
Restricted		
Receivables		
Taxes		
State and Federal aid	<u>889,007</u>	
Due from other governments		
Due from fiduciary funds	<u>183,537</u>	
Other	<u>2,530</u>	
Inventories	<u>11,774</u>	
Deferred expenditures		
Net Pension Asset, Proportionate Share	<u>356,232</u>	
Capital assets, net	<u>18,135,956</u>	
<b>Total Assets</b>	<u><u>21,549,331</u></u>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions	<u>5,623,315</u>	
<b>Total Deferred Outflows of Resources</b>	<u>5,623,315</u>	
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<u><u>\$ 27,172,646</u></u>	
<b>LIABILITIES</b>		
Payables		
Accounts payable	\$ 44,049	
Accrued liabilities	<u>1,126</u>	
Due to other governments	<u>185</u>	
Due to fiduciary funds		
Retainage payable		
Bond interest and matured bonds		
Due to teachers' retirement	<u>786,795</u>	
Due to employees' retirement	<u>77,295</u>	
Notes payable		
Tax anticipation		
Revenue anticipation		
Bond anticipation		
Unearned credits		
Overpayments and collections in advance		
Unearned revenues - planned balance		
Unearned revenues - other		
Long-term liabilities		
Due and payable within one year		
Bonds payable	<u>1,234,734</u>	
BANs refinanced on a long-term basis		
Installment purchase debt payable		
Due to teachers' retirement		
Due to employees' retirement		
Compensated absences		
Other Postemployment benefits payable		
Judgements and claims payable		
Due and payable after one year		
Due and payable after one year		
Bonds payable	<u>9,857,579</u>	
Installment purchase debt payable		
Due to teachers' retirement		
Due to employees' retirement		
Compensated absences		
Net Pension Liability, Proportionate Share	<u>227,588</u>	
Other Postemployment benefits payable	<u>37,645,372</u>	
Judgements and claims payable		
<b>Total Liabilities</b>	<u><u>\$ 49,874,723</u></u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	<u>9,719</u>	
Pensions	<u>1,716,482</u>	
<b>Total Deferred Inflows or Resources</b>	<u><u>\$ 1,726,201</u></u>	
<b>NET POSITION</b>		
Investment in capital assets, net of related debt	<u>7,043,643</u>	
Restricted for:		
Unemployment	<u>95,800</u>	
Retirement Contribution	<u>270,000</u>	
Unrestricted (deficit)	<u>(31,837,721)</u>	
<b>Total Net Positions</b>	<u><u>\$ (24,428,278)</u></u>	

**Greenwich Central School  
Statement of Activities  
and Changes in Net Positions  
For the Year Ended June 30, 2018**

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Positions
			Charges for Services	Operating Grants	
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 2,031,227	\$	\$	\$	\$ 2,031,227
Instruction	12,108,636		96,402	499,984	11,512,250
Pupil transportation	690,434				690,434
Community service	139,903				139,903
Employee benefits	7,879,767				7,879,767
Debt service	316,008				316,008
Other expenses					
Depreciation - Unallocated		1,226,661			1,226,661
School lunch program	337,927		156,042	171,549	10,336
<b>Total Functions and Programs</b>	<b>\$ 23,503,902</b>	<b>\$ 1,226,661</b>	<b>\$ 252,444</b>	<b>\$ 671,533</b>	<b>\$ 23,806,586</b>
<b>GENERAL REVENUES</b>					
Real property taxes					10,808,795
Other tax items					
Nonproperty taxes					38,987
Use of money and property					28,906
Sale of property and compensation for loss					9,678
Miscellaneous					325,602
Interfund revenue					
State sources					10,450,856
Federal sources					37,113
Medicaid Reimbursement					
<b>Total General Revenues</b>					<b>21,699,937</b>
Change in Net Position					(2,106,649)
Total Net Position - Beginning of year, As Previously Reported					(4,387,378)
Cumulative Change in Accounting Principle, Note 27					(17,934,251)
Total Net Position - Beginning of year, As Restated					(22,321,629)
Total Net Position - End of year					\$ (24,428,278)

Greenwich Central School  
Balance Sheet - Governmental Funds  
June 30, 2018

	General	Special Aid	School Lunch	Debt Service	Capital Project	Non-Major	Total Governmental Funds
<b>ASSETS</b>							
Cash	1,510,714	16,337	32,254	417	44,773		1,604,495
Investments	365,800						365,800
Restricted investments							
Unrestricted							
Restricted							
Receivables							
Taxes							
Due from other funds	549,253			98,910			648,163
Due from fiduciary funds	16,740						16,740
State and Federal aid	539,725	349,282					889,007
Due from other governments							
Other	2,066		464				2,530
Inventories			11,774				11,774
Deferred expenditures							
Capital assets, net							
Total Assets	2,984,298	365,619	44,492	99,327	44,773		3,538,509
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deference loss							
Total Deferred Outflows of Resources							
<b>LIABILITIES</b>							
Payables							
Accounts payable	44,049						44,049
Accrued liabilities	1,126						1,126
Due to other funds	4,947	365,619	14,449		96,351		481,366
Due to fiduciary funds							
Due to other governments			185				185
Retainage payable							
Due to Teachers' Retirement System	766,795						766,795
Due to Employees' Retirement System	169,759						169,759
Judgements & claims payable	77,295						77,295
Bond interest and matured bonds							
Notes payable							
Tax anticipation							
Revenue anticipation							
Bond anticipation							
Deferred credits							
Overpayments and collections in advance							
Deferred revenues							
Planned balance							
Long-term liabilities							
Due to Teachers' Retirement System							
Due to Employees' Retirement System							
Compensated absences payable							
Other postemployment benefits payable							
Judgements & claims payable							
Other liabilities							
Total Liabilities	914,212	365,619	14,634	99,327	96,351		1,390,816
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred revenue							
Sale of future revenues							
Total Deferred Inflows of Resources							
<b>FUND BALANCES</b>							
Nonspendable							
Restricted	365,800		11,774				387,574
Committed	475,924						475,924
Assigned	1,228,362		8,365	99,327	(51,578)		1,284,476
Unassigned							
Total Fund Balances	2,070,086		20,139	99,327	(51,578)		2,137,974
Total Liabilities and Fund Balances	2,984,298	365,619	44,492	99,327	44,773		3,538,509

**Greenwich Central School**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2018**

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Cash	\$ 1,970,295			\$ 1,970,295
Accounts receivable	2,530			2,530
Due from other funds	648,163		(648,163)	
Due from fiduciary funds	16,740		166,797	183,537
Due from other governments				
Taxes receivable (city school districts)				
State & federal aid receivable	889,007			889,007
Inventories	11,774			11,774
Net Pension Asset, Proportionate Share		356,232		356,232
Mortgages receivable				
Land, buildings and equipment (net)		18,135,956		18,135,956
<b>Total Assets</b>	<b>\$ 3,538,509</b>	<b>\$ 18,492,188</b>	<b>\$ (481,366)</b>	<b>\$ 21,549,331</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pensions		5,623,315		5,623,315
<b>Total Deferred Outflows of Resources</b>		<b>5,623,315</b>		<b>5,623,315</b>
<b>Total Assets &amp; Deferred Outflows of Resources:</b>	<b>\$ 3,538,509</b>	<b>\$ 24,115,503</b>	<b>\$ (481,366)</b>	<b>\$ 27,172,646</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 44,049			\$ 44,049
Accrued liabilities	1,126			1,126
Bonds payable		11,092,313		11,092,313
Bond anticipation notes payable				
Revenue anticipation notes payable				
Bond interest and matured bonds				
Due to other funds	481,366		(481,366)	
Due to other governments	185			185
Due to fiduciary funds				
Retainage payable				
Due to teachers' retirement system	786,795			786,795
Due to employees' retirement system	77,295			77,295
Compensated absences				
Postemployment benefits		37,645,372		37,645,372
Overpayments and collections in advance				
Net Pension Liability, Proportionate Share		227,588		227,588
Deferred revenues				
Other liabilities				
<b>Total Liabilities</b>	<b>\$ 1,390,816</b>	<b>\$ 48,965,273</b>	<b>\$ (481,366)</b>	<b>\$ 49,874,723</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	9,719			9,719
Pensions		1,716,482		1,716,482
<b>Total Deferred Inflows of Resources</b>	<b>9,719</b>	<b>1,716,482</b>		<b>1,726,201</b>
<b>FUND BALANCE\NET POSITION</b>				
<b>Total Fund Balance\Net Position</b>	<b>2,137,974</b>	<b>(26,566,252)</b>		<b>(24,428,278)</b>
<b>Total Liabilities and Fund Balances/Net Position:</b>	<b>\$ 3,538,509</b>	<b>\$ 24,115,503</b>	<b>\$ (481,366)</b>	<b>\$ 27,172,646</b>

**Greenwich Central School  
Statement of Revenues, Expenditures  
and Changes in Fund Balance - Governmental Funds  
For the Year Ended June 30, 2018**

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes	\$ 10,808,795	\$	\$	\$	\$	\$ 10,808,795
Other tax items						
Nonproperty taxes	38,987					38,987
Charges for services	96,402					96,402
Use of money and property	27,590		22	1,294		28,906
Sale of property and compensation for loss	9,678					9,678
Miscellaneous	325,575		27			325,602
Interfund revenue						
State sources	9,808,822	81,803	5,872		642,034	10,538,531
Medicaid reimbursement						
Federal sources	37,113	418,181	141,776			597,070
Surplus food			23,901			23,901
Sales - school lunch			156,042			156,042
<b>Total Revenues</b>	\$ 21,152,962	\$ 499,984	\$ 327,640	\$ 1,294	\$ 642,034	\$ 22,623,914
<b>EXPENDITURES</b>						
General support	1,893,411	137,816	142,599			2,173,826
Instruction	10,669,053	329,743				10,998,796
Pupil transportation	690,434					690,434
Community service	139,903					139,903
Employee benefits	5,426,801	52,876	65,815			5,545,492
Debt service						
Principal	1,276,910					1,276,910
Interest	316,008					316,008
Cost of sales			118,668			118,668
Other expenditures			10,845			10,845
Capital outlay					1,168,842	1,168,842
<b>Total Expenditures</b>	\$ 20,412,520	\$ 520,435	\$ 337,927	\$	\$ 1,168,842	\$ 22,439,724
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 740,442	\$ (20,451)	\$ (10,287)	\$ 1,294	\$ (526,808)	\$ 184,190
<b>OTHER FINANCING SOURCES AND USES</b>						
Proceeds from debt						
Operating transfers in		20,451			208,000	208,000
Operating transfers (out)	(20,451)					20,451
BANs redeemed from appropriations						(20,451)
Premium on obligations issued						
<b>Total Other Sources (Uses)</b>	(20,451)	20,451			208,000	208,000
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)</b>	719,991		(10,287)	1,294	(318,808)	392,190
<b>Fund Balances - Beginning of year</b>	1,350,095	\$	30,426	98,033	267,230	1,745,784
<b>Prior Period Adjustment,</b>						
<b>Fund Balances - End of year</b>	\$ 2,070,086	\$	20,139	99,327	(51,578)	\$ 2,137,974

**Greenwich Central School**  
**Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in**  
**Fund Balance to the Statement of Activities**  
**For the Year Ended June 30, 2018**

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
<b>REVENUES</b>					
Real property taxes	\$ 10,808,795	\$	\$	\$	\$ 10,808,795
Other tax items	38,987				38,987
Charges for services	96,402				96,402
Use of money and property	28,906				28,906
Sale of property and compensation for loss	9,678				9,678
Miscellaneous	325,602				325,602
Interfund revenue					
State sources	10,538,531				10,538,531
Medicaid reimbursement					
Federal sources	597,070				597,070
Surplus food	23,901				23,901
Sales - school lunch	156,042				156,042
<b>Total Revenues</b>	<b>\$ 22,623,914</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 22,623,914</b>
<b>EXPENDITURES\EXPENSES</b>					
General support	\$ 2,173,826	\$	\$	\$	\$ 2,173,826
Instruction	10,998,796		1,109,840		12,108,636
Pupil transportation	690,434				690,434
Community service	139,903				139,903
Employee benefits	5,545,492			2,400,090	7,945,582
Debt service	1,592,918			(1,276,910)	316,008
Cost of sales	118,668				118,668
Other expenditures	10,845				10,845
Depreciation - Unallocated			1,226,661		1,226,661
Capital outlay	1,168,842		(1,168,842)		
<b>Total Expenditures</b>	<b>\$ 22,439,724</b>	<b>\$</b>	<b>\$ 1,167,659</b>	<b>\$ 1,123,180</b>	<b>\$ 24,730,563</b>
Excess (Deficiency) of Revenues over Expenditures	\$ 184,190	\$	\$ (1,167,659)	\$ (1,123,180)	\$ (2,106,649)
<b>OTHER SOURCES AND USES</b>					
Proceeds from debt	208,000			(208,000)	
Operating transfers in	20,451			(20,451)	
Operating transfers (out)	(20,451)			20,451	
BANs redeemed from appropriatons					
Premium on obligations issued					
<b>Total Other Sources (Uses)</b>	<b>\$ 208,000</b>	<b>\$</b>	<b>\$</b>	<b>\$ (208,000)</b>	<b>\$</b>
<b>Net Change for the Year</b>	<b>\$ 392,190</b>	<b>\$</b>	<b>\$ (1,167,659)</b>	<b>\$ (1,331,180)</b>	<b>\$ (2,106,649)</b>

**Greenwich Central School**  
**Statement of Fiduciary Net Position - Fiduciary Funds**  
**June 30, 2018**

**Statement #7**

	Private Purpose Trusts	Agency
<b>ASSETS</b>		
Cash	\$ 68,042	\$ 310,012
Due from other funds		2,491
Accounts receivable		
	<u>\$ 68,042</u>	<u>\$ 312,503</u>
<b>Total Assets</b>		
<b>LIABILITIES</b>		
Due to governmental funds	\$ _____	\$ _____
Due to other funds		<u>186,028</u>
Extraclassroom activity balances		<u>83,046</u>
Other liabilities		<u>43,429</u>
		<u>\$ 312,503</u>
<b>Total Liabilities</b>		
<b>NET POSITION</b>		
Reserved for scholarships	\$ <u>68,042</u>	

**Greenwich Central School**  
**Statement of Changes in Fiduciary Net Position - Fiduciary Funds**  
**For the Year Ended June 30, 2018**

**Statement #8**

	Private Purpose Trusts
<b>ADDITIONS</b>	
Gifts and contributions	\$ <u>12,505</u>
Investment earnings	<u>369</u>
<b>Total Additions</b>	<u>12,874</u>
<b>DEDUCTIONS</b>	
Scholarships and awards	<u>(14,754)</u>
Change in valuation	
<b>Total Deductions</b>	<u>(14,754)</u>
<b>Change in Net Position</b>	<u>(1,880)</u>
Net Position - Beginning of year	<u>69,922</u>
<b>Net Position - End of Year</b>	<u>\$ 68,042</u>



Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

**Note 1 – Summary of certain significant accounting policies:**

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

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

A) Reporting entity:

The Greenwich District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 5 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

i) Extraclassroom Activity Funds

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

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

B) Joint venture:

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

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

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

During the year, the District was billed \$1,903,413 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$0 of serial bonds on behalf of BOCES. As of the year-end, the District had outstanding BOCES debt of \$0.

The District's share of BOCES aid amounted to \$168,978.

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

C) Basis of presentation:

i) District-wide statements:

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

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

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

ii) 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 Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

- Special Aid Fund: Used to account for proceeds received from the State and Federal grants that are restricted for specific educational programs.
- School Lunch: Used to account for child nutrition activities whose funds are restricted as to use.
- Miscellaneous Special Revenue: Used to account for and report those revenues that are restricted and committed to expenditures for specified purposes.
- Public Library Fund: Used to account for and report transactions of a library established and supported in whole or in part by real property taxes.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major projects are reported in separate columns in the

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of the capital asset up to the balance of related bonds outstanding.

The District reports the following fiduciary funds:

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

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

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

D) Measurement focus and basis of accounting:

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

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

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

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

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2017 and become a lien on September 1 2017. Taxes are collected during the period September 1, 2017 to November 3, 2017.

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

F) Restricted Resources:

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

G) 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 expenditure and revenues to provide financing or other services.

In the district-wide statements, the amounts reported on the Statements of Net Position for inter-fund receivables and payables represent amounts due between different 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 the legal offset.

Refer to Note 12 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

H) Estimates:

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

I) Cash (and cash equivalents)/Investments:

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

New York State law governs the District's investments 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 deposits not covered by the FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value.

J) Receivable (or Accounts receivable)

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

K) Inventories and prepaid items:

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

Prepaid items represent payments made by the district for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A

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Notes to Financial Statements  
For the Year Ended June 30, 2018

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.

L) Other assets/restricted assets:

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

In the district-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

M) Capital Assets:

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2003. For assets acquired prior to July 1, 2003, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

The threshold for capitalization of Capital Assets was increased from \$1,000 in past years to \$5,000 starting during the 2007-2008 school year and moving forward.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	5,000	Straight-Line	50 years
Building improvements	5,000	Straight-Line	50 years
Site improvements	5,000	Straight-Line	20 years
Furniture and equipment	5,000	Straight-Line	5-10 years
Infrastructure	5,000	Straight-Line	20 years

Certain infrastructure capital assets are accounted for using the modified approach permitted for eligible assets under GASB 34. The modified approach requires that an asset management system be established which assures that an expenditure amount sufficient to preserve the assets in good condition for proper and efficient functioning is budgeted each year in lieu of depreciation. Accordingly, all expenditures made for those assets, other than additions and improvements that increase capacity or efficiency, are charged to expense in the period incurred instead of calculating depreciation. The school district is required

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to conduct a condition assessment of these assets at least once every three years.

N) Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

O) Unearned Revenues

The district reports unearned revenues on its statement of net position and its balance sheet. On the statement of net position, unearned revenue arises when resources are received by the district before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the district has legal claim to resources, the liability for unearned revenues is removed and the revenue is recognized.

P) Vested employee benefits

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



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

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

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

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

Q) Other Benefits:

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

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

Substantially all the district's employees may become eligible for these benefits if they reach normal retirement age while working for the district. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure.

R) Short-term Debt:

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

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

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

S) Accrued liabilities and long-term obligations:

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

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

T) Net Position/Fund Balance

Net Position Flow Assumption:

Sometimes the District will fund outlays for particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption:

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The Board has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at the maximum allowed by law. This amount is intended to provide financial stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for action to replenish the amount to the minimum target level. Generally, replenishment is to occur within a three-year period.

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Notes to Financial Statements  
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Order of Use of Fund Balance:

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

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

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

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

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

Fund Statements:

**Non-spendable** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$11,774.

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

Capital Reserve

Capital Reserve (Educational Law §3651) is used to pay the cost of any objector 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 from a specific purpose further authorized by the voters. The form for the required legal notice for the vote on the

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For the Year Ended June 30, 2018

establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

#### Repair Reserve

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

#### Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

#### Unemployment Insurance Reserve

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

#### Debt Service

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

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For the Year Ended June 30, 2018

#### Insurance Reserve

According to General Municipal Law §6-n, must be used to pay liability, casualty and other type 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 the Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that 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.

#### Liability Claims and Property Loss

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

#### Tax Certiorari

According to Education Law §3651.1-a must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year the 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.

#### Encumbrances

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

#### Employee Benefit Accrued Liability

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

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Retirement Contributions

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

**Restricted Fund Balance includes the following:**

General Fund	\$	0
Capital		0
Debt Service		0
Employee Benefit Accrued Liability		0
Insurance		0
Liability Claims and Property Loss		0
Repairs		0
Retirement Contributions		270,000
Tax Certiorari		0
Uncollected Taxes in a City School District		0
Unemployment Insurance		95,800
Worker's Compensation		0
Capital Fund*		0
Debt Service Fund*		0
Special Aid Fund*		0
School Lunch Fund*		0
		0
total restricted funds	\$	365,800

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

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

**Assigned** – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the general fund amounted to \$50,889. Assigned, also includes an amount appropriated to partially fund the subsequent year, this amount is \$425,035.

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

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Notes to Financial Statements  
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Reserve for Tax Reduction

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

Unassigned Fund Balance:

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

U) New Accounting Standards

The District has adopted and implemented the following (all) current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2018:

<i>GASB has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</i>	Effective for the year ending June 30, 2018
<i>GASB has issued statement No. 81, Split Interest Agreements</i>	Effective for the year ending June 30, 2018
<i>GASB has issued statement No. 85, Omnibus</i>	Effective for the year ending June 30, 2018
<i>GASB has issued statement No. 86, Certain Debt Extinguishment Issues</i>	Effective for the year ending June 30, 2018

V) Future Changes in Accounting Standards

<i>GASB has issued statement No. 83, Certain Asset Retirement Obligations</i>	Effective for the year ending June 30, 2019
<i>GASB has issued statement No. 84, Fiduciary Activities</i>	Effective for the year ending June 30, 2018
<i>GASB has issued statement No. 87, Leases</i>	Effective for the year ending June 30, 2021
<i>GASB has issued statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements</i>	Effective for the year ending June 30, 2019
<i>GASB has issued statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period</i>	Effective for the year ending June 30, 2021

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

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Notes to Financial Statements  
For the Year Ended June 30, 2018

**Note 2 – Explanation of certain differences between governmental fund statements and District-wide statements:**

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

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

- i) Long-term revenue differences:

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

- ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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.

- iii) 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



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Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension differences:

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

v) OPEB difference:

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

**Note 3 – Changes in accounting principles:**

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment benefits Other Than Pensions*. The implementation of the statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. See note 27 for the financial statement impact of the implementation of the statement.

**Note 4 – Stewardship and compliance:**

Budgets

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

The voters of the district approved the proposed appropriation budget for the General fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These Supplemental appropriations may occur subject to legal restrictions, of the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Greenwich Central School District  
Notes to Financial Statements  
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Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year 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 specific 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

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

The District's unreserved undesignated fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The district plans to address this by continuing to appropriate a responsible amount of fund balance annually to reduce the tax burden on its constituents.

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

Cash

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

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

Uncollateralized	\$	0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$	1,970,295

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statue to be reserved for various purposes. Restricted cash as of year-end includes \$365,800 within the governmental funds and \$0 in the fiduciary funds.

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Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

**Note 6 – Investments**

The District did not participate in any multi-municipal cooperative investment pool agreement, pursuant to New York General Municipal Law Article 5-G, § 119-0, as of the year end June 30, 2018.

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**Note 7 – Receivables**

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

Description	Governmental Activities				Total
	General	Special Aid	School Lunch	Non-major	
Accounts Receivable	\$ 2,066	\$ 0	\$ 464	\$ 0	\$ 2,530
Due from State and Federal	539,725	349,282	0	0	889,007
<b>Total</b>	<b>\$ 541,791</b>	<b>\$ 349,282</b>	<b>\$ 464</b>	<b>\$ 0</b>	<b>\$ 891,537</b>

District management has deemed the amounts to be fully collectible.

**Note 8 – Capital assets:**

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 842,083	\$ 0	\$ 0	\$ 842,083
Total nondepreciable historical cost	842,083	0	0	842,083
Capital assets that are depreciated:				
Buildings	\$ 34,008,893	\$ 0	\$ 0	\$ 34,008,893
Furniture and equipment	4,435,820	59,000	0	4,494,820
Total depreciable historical cost	38,444,713	0	0	38,503,713
Less accumulated depreciation:				
Buildings	\$ 16,857,222	\$ 1,111,455	\$ 0	\$ 17,968,677
Furniture and equipment	3,125,957	115,206	0	3,241,163
Total accumulated depreciation	19,983,179	1,226,661	0	21,209,840
Capital assets, net	19,303,617	(1,167,661)	0	18,135,956
Governmental functions as follows:				
Depreciation not charged to a Specific function		\$ 1,226,661		\$ 1,226,661

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**Note 9– Short-term debt:**

As of June 30, 2018, the district had the following short-term debt transactions.

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

Interest Paid	\$	0
Less Interest accrued in the prior year		0
Plus interest accrued in the current year		0
Total Expense	\$	<u>0</u>

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

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN'S	\$ 0	\$ 0	\$ 0	\$ 0
Totals	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**Note 10– Long-term debt obligations:**

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government Activities:					
Bonds and notes payable:					
General obligation debt:					
Serial Bonds	\$ 12,161,222	\$ 208,000	\$ 1,276,909	\$ 11,092,313	\$ 1,234,734
<b>Total bonds &amp; notes payable</b>	<b>\$ 12,161,222</b>	<b>\$ 208,000</b>	<b>\$ 1,276,909</b>	<b>\$ 11,092,313</b>	<b>\$ 1,234,734</b>
Other liabilities:					
Retirees health insurance	17,477,980	20,167,392	0	37,645,372	0
<b>Total other liabilities</b>	<b>\$ 17,477,980</b>	<b>\$ 20,167,392</b>	<b>\$ 0</b>	<b>\$ 37,645,372</b>	<b>\$ 0</b>
<b>Total long-term liabilities</b>	<b>\$ 29,639,202</b>	<b>\$ 20,375,392</b>	<b>\$ 1,276,909</b>	<b>\$ 48,737,685</b>	<b>\$ 1,234,734</b>

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

Existing serial and statutory bond obligations:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at year end
Serial Bonds 2,230,584	06/15/07	2023	4.02%	\$ 820,000
Serial Bonds 3,615,000	06/15/12	2019	3.25%	140,000
Serial Bonds 2,040,000	6/26/13	2028	3.47%	1,430,000
Serial Bonds 238,149	9/15/14	2018	3.15%	59,538
Serial Bonds 2,045,000	6/24/15	2030	2.39%	1,670,000
Serial Bonds 6,085,000	6/21/16	2031	2.11%	5,260,000
Serial Bonds 107,253	9/18/15	2019	2.75%	53,627
Serial Bonds 221,531	9/16/16	2020	2.96%	166,148
Serial Bonds 1,380,000	6/15/17	2032	2.62%	1,285,000
Serial Bonds 208,000	6/15/18	2022	2.38%	208,000
<b>Total</b>				<b>\$ 11,092,313</b>

	Principal	Interest	Total
Fiscal year ended June 30,			
2019	1,234,734	283,759	1,518,493
2020	1,012,197	251,611	1,263,808
2021	1,015,382	224,672	1,240,054
2022	955,000	205,058	1,160,058
2023	890,000	179,109	1,069,109
2024-2028	4,045,000	537,205	4,582,205
2029-2033	1,940,000	110,762	2,050,762
<b>Total</b>	<b>\$ 11,092,313</b>	<b>\$ 1,792,176</b>	<b>12,884,489</b>

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

The District is not obligated under any operating or capital leases as of June 30, 2018.

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

Interest Paid	\$ 316,008
Less Interest accrued in the prior year	0
Plus interest accrued in the current year	<u>0</u>
Total Expense	\$ <u>316,008</u>

**Note 11 – Pension plans:**

General Information:

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

Provisions and administration:

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

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

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

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

Funding policies:

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

The District's share of the required contributions for the current year and two preceding years based on covered payroll paid for the District was:

		NYSTRS		NYSERS
2018	\$	780,755	\$	339,455
2017	\$	884,106	\$	329,056
2016	\$	1,024,745	\$	317,552

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. The legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over the 17 year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District exercised. As a result, the total unpaid liability at the end of the year was \$0.

The State Legislature authorized local governments to make available retirement incentive programs with estimated total costs of \$1,068,891. Of which \$1,068,891 was charged to expenditures in the governmental Funds in the current fiscal year.



Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

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

At June 30, 2017, the District reported the following asset/ (liability) for its proportionate share of the net pensions asset(liability) for of the Systems. The net pension asset/(liability) was measured as of June 30, 2016 for TRS and March 31, 2017 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	31-Mar-18	30-Jun-17
District's proportionate share of the net pension asset/(liability)	\$ (227,588)	\$ 356,232
District's portion of the Plan's total net pension asset/(liability)	0.0070516 %	0.046867 %

For the year ended June 30, 2018, the District's recognized pension expense of \$306,793 for ERS and the actuarial value \$926,371 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 81,173	\$ 293,092	\$ 67,079	\$ 138,891
Changes of assumptions	\$ 150,910	\$ 3,624,733	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 330,554	\$ -	\$ 652,480	\$ 839,030
Changes in proportion and differences between the District's contributions and proportionate share of contributions	\$ 104,713	\$ 174,050	\$ 12,334	\$ 6,668
District's contributions subsequent to the measurement date	\$ 77,295	\$ 786,795	\$ -	\$ -
Total	<u>\$ 744,645</u>	<u>\$ 4,878,670</u>	<u>\$ 731,893</u>	<u>\$ 984,589</u>

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

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

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2018	\$ -	\$ 113,197
2019	\$ 80,371	\$ 898,754
2020	\$ 64,423	\$ 717,031
2021	\$ (146,234)	\$ 201,127
2022	\$ (63,103)	\$ 715,035
thereafter	\$ -	\$ 371,143

ACTUARIAL ASSUMPTIONS

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.0%	7.25%
Salary scale	3.80%	1.90% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.50%	2.50%

For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2017 System's experience with adjustments for mortality improvements based on the Society

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

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

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

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

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

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

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

<u>TRS</u>	<u>Target Allocation</u>	<u>Long-term expected Real rate of return*</u>
	<u>2018</u>	<u>2018</u>
Asset Class:		
Domestic equities	35%	5.9%
International equities	18	7.4
Real estate	11	4.3
Private equities	8	9.0
Total equities	<u>72</u>	
Domestic fixed income securities	16	1.6
Global fixed income securities	2	1.3
High-yield fixed income securities	1	3.9
Mortgages	8	2.8
Short-term	1	0.6
Total fixed income	<u>28</u>	
Total	<u>100%</u>	

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2018 calculated using the discount rate of 7.0% for ERS and 7.5% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.0% for ERS and 6.5% for TRS ) or 1-percentagepoint higher (8.0% for ERS and 8.5% for TRS) than the current rate :

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

ERS	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Employer's proportionate Share of the net Pension asset (liability)	\$ (1,721,992)	\$ (227,588)	\$1,036,618
TRS	1% Decrease <u>(6.5%)</u>	Current Assumption <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Employer's proportionate Share of the net Pension asset (liability)	\$ (6,136,827)	\$ 356,232	\$ 5,793,847

PENSION PLAN FIDUCIARY NET POSITION

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

	(Dollars in Thousands)		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Valuation date	March 31, 2017	June 30, 2016	
Employers' total pension	\$ (227,588)	\$ 356,232	\$ 128,644
Plan Net Poition	\$ -	\$ -	-
Employers' net pension	\$ (227,588)	\$ 356,232	\$ 128,644

PAYABLES TO THE PENSION PLAN

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$77,295.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to \$786,795.

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

**Note 12 – Interfund Balances and Activity:**

	Interfund			
	Receivables	Payables	Revenues	Expenditures
General Fund	\$ 549,253	4,947	0	20,451
Special Aid Funds	0	365,619	20,451	0
School Lunch Fund	0	14,449	0	0
Debt Service Fund	98,910	0	0	0
Capital Funds	0	96,351	0	0
Total governmental activities	648,163	481,366	0	0
Fiduciary Agency Fund	19,231	186,028	0	0
Total	\$ 667,394	667,394	20,451	20,451

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 flow issues.

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

**Note 13a – Postemployment (health insurance) Benefits/ Prior period adjustment**

A. General Information about the OPEB Plan

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

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

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

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

Inactive employees or beneficiaries currently receiving benefit payments	122
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	202
	324
	324

B. Total OPEB Liability

The District's total OPEB liability of \$37,645,372 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

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

Inflation	3.00%
Salary Increases	3.80%
Discount Rate	3.60%
Healthcare Cost Trend Rates	8.0% for 2017, decreasing 0.5% per year to an ultimate rate of 5.5% for 2023 and later years
Retirees' Share of Benefit-Related Costs	Retired Teachers – 14.25%, CSEA – 10%

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

Mortality rates were based on RP-2014 mortality table, as appropriate, with adjustments for mortality improvements based on Scale MP-2014.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 – June 30, 2018.

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

C. Changes in the Total OPEB Liability

Balance at June 30, 2017	\$ <u>39,650,226</u>
<u>Changes for the Year-</u>	
Service Cost	1,833,955
Interest	1,172,479
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions or other inputs	(3,866,453)
Benefit payments	<u>(1,144,836)</u>
Net Changes	<u>(2,004,854)</u>
Balance at June 30, 2018	\$ <u>37,645,372</u>

Changes of benefit terms reflect.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% in 2017 to 3.60% in 2018.

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

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	\$ <u>43,654,988</u>	\$ <u>37,645,372</u>	\$ <u>32,750,770</u>

*Sensitivity of the Total OPEB Liability to Change 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 (7%) or 1 percentage point higher (8%) than the current healthcare cost trend rate:

	Healthcare		
	1% Decrease (starts at 7%)	Trend Rate (starts at 8%)	1% Increase (starts at 9%)
Total OPEB Liability	\$ 32,829,255	\$ 37,645,372	\$ 43,418,399



Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

D. 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 \$2,233,144. 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
Difference between expected and actual experience	\$ 0	\$ 0
Changes of assumptions or other inputs	0	(3,866,453)
Contributions subsequent to the measurement period	1,305,113	0
 Total	\$ 1,305,113	\$ (3,866,453)

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

Fiscal Year Ending June 30, 2018	Amount
2019	\$ (773,291)
2020	(773,291)
2021	(773,291)
2022	(773,291)
2023	(773,289)
Thereafter	0
	\$ (3,866,453)

**Note 14 – 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.

**Note 15 – Commitments and 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 years' experience, the district's administration believes disallowances, if any, will be immaterial.

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

**Note 16 – Lease Obligations (operating leases):**

The District had no lease obligations for the year ended June 30, 2018.

**Note 17 – Donor-restricted endowments:**

The District had no donor-restricted endowments for the year ended June 30, 2018.

**Note 18 – On-behalf-of payments:**

During the year, the District did not make any payments to a third party (or received payments from another government) for fringe benefits and salaries of another legally separate entity, in the aggregate amount of \$0.

**Note 19 – Tax abatements:**

The District negotiates property tax abatement agreements on an individual basis. The District has tax abatement agreements with 1 entities as of June 30, 2018:

<u>Purpose – School Tax</u>	<u>Percentage of Taxes Abated during the Fiscal Year</u>	<u>Amount of taxes abated during the Fiscal Year</u>
#1	21.44%	\$ 880

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

**Note 20 – Overpayments:**

The District had no overpayments for the year ended June 30, 2018.

**Note 21 - Related Party transactions:**

The District has no related party transactions to report as June 30, 2018.

Greenwich Central School District  
Notes to Financial Statements  
For the Year Ended June 30, 2018

**Note 22 – Discretely presented component units:**

The District has no component units.

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

For the year ended June 30, 2018, the District did not have any derivatives to report.

**Note 24 – Impairment losses and insurance recoveries:**

For the year ended June 30, 2018, the District has no impairment losses or insurance recoveries.

**Note 25 – Subsequent events:**

The District has no subsequent events to disclose through September 17, 2018.

**Note 26 – Real Estate held as investments by endowments:**

The District has no real estate held as investments by endowments to disclose.

**Note 27 – Prior Period Adjustments:**

For the fiscal year ending June 30, 2018, the District implemented GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits other than Pensions. The implementation of Statement No. 75 resulted in a prior period adjustment of \$17,934,251.

**Greenwich Central School**  
**Schedule of Funding Progress - Other Post Employment Benefits**  
**For the Year Ended June 30, 2018**

	<u>2018</u>
Measurement Date	July, 1 2017
Total OPEB Liability	37,645,372
Service Cost	\$ 1,833,955
Interest	1,172,479
Changes in benefit terms	-
Difference between expected and actual experience in the measurement of the total OPEB liability	-
Changes of assumptions or other inputs	(3,866,453)
Benefit payments	<u>(1,144,836)</u>
Net Change in total OPEB liability	(2,004,854)
Total OPEB liability - beginning	<u>39,650,226</u>
Total OPEB liability - ending	<u><u>\$ 37,645,372</u></u>
Covered payroll	<u>\$ 10,165,304</u>
Total OPEB liability as a percentage of covered payroll	370.33%

**Greenwich Central School**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund**  
**For the Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
<b>REVENUES</b>				
<b>Local Sources</b>				
Real property taxes	10,670,541	10,806,423	10,808,795	\$ 2,372
Other tax items	37,000	37,000	38,987	1,987
Nonproperty taxes				
Charges for services	91,800	91,800	96,402	4,602.00
Use of money and property	5,800	5,800	27,590	21,790.00
Sale of property and compensation for loss	10,000	10,000	9,678	(322.00)
Miscellaneous	175,000	175,000	325,575	150,575.00
Forfeitures			0	0.00
<b>Total Local Sources</b>	<b>10,990,141</b>	<b>11,126,023</b>	<b>11,307,027</b>	<b>181,004.00</b>
<b>State Sources</b>				
Medicaid Reimbursement	9,769,230	9,769,230	9,808,822	39,592.00
Federal Sources	30,000	30,000	37,113	7,113.00
Retirement System Credits				
<b>Total Revenues</b>	<b>20,789,371</b>	<b>20,925,253</b>	<b>21,152,962</b>	<b>227,709</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	0	0	0	0
<b>Total Reserves and other financing sources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>20,789,371</b>	<b>20,925,253</b>	<b>21,152,962</b>	<b>\$ 227,709</b>
<b>EXPENDITURES</b>				
<b>General Support</b>				
Board of education	11,750	12,350	11,561	0 \$ 789
Central administration	198,613	205,477	205,024	0 453
Finance	269,879	273,347	270,624	0 2,723
Staff	27,500	27,500	25,444	0 2,056
Central services	1,226,052	1,260,423	1,159,672	13,225 87,526
Special items	236,881	226,881	221,086	0 5,795
<b>Total General Support</b>	<b>1,970,675</b>	<b>2,005,978</b>	<b>1,893,411</b>	<b>13,225 99,342</b>
<b>Instruction</b>				
Instruction, administration and improvement	573,283	612,791	584,168	10,147 18,476
Teaching - regular school	5,551,668	5,540,828	5,455,204	7,204 78,420
Programs for children with handicapping conditions	3,176,322	3,215,133	3,065,464	1,706 147,963
Occupational education				
Teaching - special school	426	426	351	1 74
Instructional media	712,758	718,533	688,764	10,163 19,606
Pupil services	906,935	924,775	875,102	1,075 48,598
<b>Total Instructional</b>	<b>10,921,392</b>	<b>11,012,486</b>	<b>10,669,053</b>	<b>30,296 313,137</b>
<b>Pupil Transportation</b>				
Community Services	676,460	726,878	690,434	7,368 29,076
Employee Benefits	4,000	139,904	139,903	0 1
Debt Service	5,739,549	5,667,149	5,426,801	0 240,348
	1,593,494	1,593,494	1,592,918	0 576
<b>Total Expenditures</b>	<b>20,905,570</b>	<b>21,145,889</b>	<b>20,412,520</b>	<b>50,889 682,480</b>
<b>OTHER FINANCING USES</b>				
Transfers to other funds	25,000	25,000	20,451	0 4,549
<b>Total Expenditures and Other Uses</b>	<b>20,930,570</b>	<b>21,170,889</b>	<b>20,432,971</b>	<b>50,889 687,029</b>
<b>Net change in fund balances</b>	<b>(141,199)</b>	<b>(245,636)</b>	<b>719,991</b>	
<b>Fund Balance - beginning</b>	<b>1,350,095</b>	<b>1,350,095</b>	<b>1,350,095</b>	
<b>Fund Balance - ending</b>	<b>1,208,896</b>	<b>1,104,459</b>	<b>2,070,086</b>	

See paragraph on supplementary schedules included in auditor's report

**Greenwich Central School  
Schedule of Change from Adopted Budget to Final Budget  
And Use of Unreserved Fund Balance - General Fund  
For the Year Ended June 30, 2018**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$	20,930,570
Add: Prior year's encumbrances		104,437
Original Budget		21,035,007
Budget revision:		
Add: Library		135,882
Final Budget:	\$	21,170,889

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

2018-19 Voter approved expenditure budget	\$	21,663,160
Maximum allowed (4% of 2018-19 budget)	\$	866,526

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

Total fund balance	\$	2,070,086
 Less:		
Appropriated fund balance		425,035
Encumbrances included in committed and assigned fund balance		50,889
Restricted fund balance		365,800
Total adjustments	\$	841,724
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$	1,228,362
Actual percentage		5.670 %

Greenwich Central School  
 Schedule of Project Expenditures-Capital Projects Fund  
 For the Year Ended June 30, 2018

PROJECT TITLE	Original Appropriation	Revised Appropriation	Prior Year's	Expenditures		Unexpended Balance	Proceeds of Obligations	Methods of Financing		Fund Balance June 30, 2018
				Current Year	Total			State Aid	Local Sources	
Capital Project #1										
BUS PURCHASE	208,000	208,000	0	207,927	207,927	73	208,000			73
	208,000	208,000	0	207,927	207,927	73	208,000	0	0	73
Capital Project #2										
2011-2012 BUILDING RECONSTRUCTION PROJECT	2,480,000	2,480,000	2,571,710		2,571,710	(91,710)	2,040,000	465,000		(66,710)
	2,480,000	2,480,000	2,571,710	0	2,571,710	(91,710)	2,040,000	0	465,000	(66,710)
Capital Project #3										
HEAT CONVERSION - FIELD	9,585,000	9,585,000	9,208,898	29,024	9,237,921	347,079	9,510,000			272,079
	9,585,000	9,585,000	9,208,898	29,024	9,237,921	347,079	9,510,000	0	0	272,079
Capital Project #4										
SMART SCHOOL BOND	520,345	520,345	0	507,716	507,716	12,629		507,716		(0)
	520,345	520,345	0	507,716	507,716	12,629	0	507,716	0	(0)
Capital Project #5										
AG EQUIPMENT GRANT	500,000	500,000		424,174	424,174	75,826		134,319		(289,855)
	500,000	500,000	0	424,174	424,174	75,826	0	134,319	0	(289,855)
Non-Major capital projects										32,836
FUND BALANCE - PRIOR YEARS PROJECTS										
	0	0	0	0	0	0	0	0	0	32,836
Totals	13,293,345	13,293,345	11,780,608	1,168,842	12,949,449	343,896	11,758,000	642,035	465,000	12,865,035
										(51,578)

**Greenwich Central School  
Combined Balance Sheet -  
Non-Major Governmental Funds  
June 30, 2018**

	<u>Special Aid</u>	<u>School Lunch</u>	<u>Total</u>
<b>Assets</b>			
Unrestricted Cash	\$ <u>16,337</u>	\$ <u>32,254</u>	\$ <u>48,591</u>
Restricted Cash	<u>          </u>	<u>          </u>	<u>          </u>
Unrestricted Investments	<u>          </u>	<u>          </u>	<u>          </u>
Restricted Investments	<u>          </u>	<u>          </u>	<u>          </u>
State and Federal Aid Receivable	<u>349,282</u>	<u>          </u>	<u>349,282</u>
Due from Other Governments	<u>          </u>	<u>          </u>	<u>          </u>
Other Receivables, Net	<u>          </u>	<u>464</u>	<u>464</u>
Due From Other Funds	<u>          </u>	<u>          </u>	<u>          </u>
Inventories	<u>          </u>	<u>11,774</u>	<u>11,774</u>
Deferred Expenditures	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	\$ <u>365,619</u>	\$ <u>44,492</u>	\$ <u>410,111</u>
<b>Liabilities</b>			
Accounts Payable	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>
Accrued Liabilities	<u>          </u>	<u>          </u>	<u>0</u>
Due to Other Governments	<u>          </u>	<u>185</u>	<u>185</u>
Due to Other Funds	<u>365,619</u>	<u>14,449</u>	<u>380,068</u>
Due to Teachers' Retirement System	<u>          </u>	<u>          </u>	<u>          </u>
Due to Employees' Retirement System	<u>          </u>	<u>          </u>	<u>          </u>
Other Liabilities	<u>          </u>	<u>          </u>	<u>          </u>
Deferred Revenues	<u>          </u>	<u>9,719</u>	<u>9,719</u>
Total Liabilities	<u>365,619</u>	<u>24,353</u>	<u>389,972</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	<u>          </u>	<u>          </u>	<u>          </u>
Reserved for Inventory	<u>          </u>	<u>11,774</u>	<u>11,774</u>
Unreserved - Designated for Subsequent Year's Expenditures	<u>          </u>	<u>          </u>	<u>          </u>
Unreserved - Undesignated	<u>          </u>	<u>8,365</u>	<u>8,365</u>
Total Fund Balances	<u>          </u>	<u>20,139</u>	<u>20,139</u>
Total Liabilities and Fund Balances	\$ <u>365,619</u>	\$ <u>44,492</u>	\$ <u>410,111</u>



**Greenwich Central School**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2018**

	<u>Special Aid</u>	<u>School Lunch</u>	<u>Total</u>
<b>Revenues</b>			
Charges for Services	\$	\$	\$
Use of Money and Property		22	22
Sale of Property and Compensation for Loss			
Miscellaneous		27	27
State Sources	81,803	5,872	87,675
Federal Sources	418,181	165,677	583,858
Sales		156,042	156,042
Total Revenues	<u>499,984</u>	<u>327,640</u>	<u>827,624</u>
<b>Expenditures</b>			
General Support	137,816	142,599	280,415
Instruction	329,743		329,743
Pupil Transportation			
Community Services			
Employee Benefits	52,876	65,815	118,691
Cost of Sales		118,668	118,668
Other Expenses		10,845	10,845
Total Expenditures	<u>520,435</u>	<u>337,927</u>	<u>858,362</u>
Excess (Deficiency) Revenues Over Expenditures	<u>(20,451)</u>	<u>(10,287)</u>	<u>(30,738)</u>
<b>Other Sources and Uses</b>			
Operating Transfers In	20,451		20,451
Operating Transfers (Out)			
Reserve Revenues			
Reserve Expenditures			
Total Other Sources and Uses	<u>20,451</u>		<u>20,451</u>
Excess (Deficiency) Revenues and Other Sources Over Expenditures and Other Uses		<u>(10,287)</u>	<u>(10,287)</u>
Fund Balances, Beginning of Year		30,426	30,426
Fund Balances, End of Year	\$	\$ 20,139	\$ 20,139

Supplemental Schedule #7

**Greenwich Central School**  
**Investments in Capital Assets, Net of Related Debt**  
**For the Year Ended June 30, 2018**

Capital Assets, net		\$ <u>18,135,956</u>
Add:		
Unamortized bond issuance costs	_____	
Discount on bonds payable	_____	
Other(list)	_____	
Deduct:		
Bond anticipation notes	_____	
Premium on bonds payable	_____	
Short-term portion of bonds payable	1,234,734	
Long-term portion of bonds payable	<u>9,857,579</u>	
Less: unspent bond preceeds	_____	
Short-term portion of capital leases	_____	
Long-term portion of capital leases	_____	
Other short of long-term debt related to capital assets	_____	
Other (list)	_____	11,092,313
Investment in capital assets, net of related debt		\$ <u><u>7,043,643</u></u>

**Greenwich Central School  
Schedule of District Contributions  
For the year ended June 30, 2018**

***Teachers' Retirement System***

	<u>2018</u>
Contractually required contribution	870,421
Contributions in relation to the contractually required contributions	<u>870,421</u>
Contribution deficiency (excess)	<u>-</u>
District's covered payroll	<u>7,673,380</u>
Contributions as a percentage of covered-employee payroll	<u>11.34%</u>

***Employees' Retirement System***

	<u>2018</u>
Contractually required contribution	306,793
Contributions in relation to the contractually required contributions	<u>306,793</u>
Contribution deficiency (excess)	<u>-</u>
District's covered payroll	<u>2,096,385</u>
Contributions as a percentage of covered payroll	<u>14.63%</u>

**Greenwich Central School**  
**Schedule of District's Proportionate Share of the Net Pension Liability**  
**For the year ended June 30, 2018**

***Teachers' Retirement System***

	2018
District's proportion of the net pension liability	0.0468670%
District's proportionate share of the net pension asset (liability)	356,232
District's covered payroll	7,673,380
District's proportionate share of the net pension liability as a percentage of its covered payroll	4.64%
Plan fiduciary net position as a percentage of the total pension liability	100.00%

***Employees' Retirement System***

	2018
District's proportion of the net pension liability	0.0070516%
District's proportionate share of the net pension asset (liability)	(227,588)
District's covered payroll	2,096,385
District's proportionate share of the net pension liability as a percentage of its covered payroll	10.86%
Plan fiduciary net position as a percentage of the total pension liability	100.00%

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The Board of Education  
Greenwich Central School District

## **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**

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 government activities and each major fund of Greenwich Central School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 17, 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 significant deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 con-

sider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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**

This report is intended solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

September 17, 2018

*Jenkins, Beecher, & Bethel, LLP*

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## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
Greenwich Central School District

### Report on the Financial Statements

We have audited the accompanying financial statements of the Greenwich Central School District Extraclassroom Activity Funds which comprise the cash and fund balances resulting from cash transactions, and the related statement of cash receipts and cash disbursements as of June 30, 2018 of the Greenwich Central School District's Extraclassroom Activity Funds for the year ended June 30, 2018, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash receipts and cash disbursements method, an Other Comprehensive Basis of Accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 District'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.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the cash and fund balances resulting from cash transactions of the Extraclassroom Activity Funds, of the Greenwich Central School District for the year ended June 30, 2018, and the cash receipts and cash disbursements for the year then ended, on the basis of accounting described in Note 1.

September 17, 2018

Greenwich Central School  
 Extraclassroom Activity Funds  
 Cash Receipts and Cash Disbursements  
 June 30, 2018

Activities	Balance June 30, 2017	Receipts	Disbursements	Balance June 30, 2018
Class of '17	1,989.91		1,989.91	0.00
Class of '18	3,081.67	1,060.61	3,140.26	1,002.02
Class of '19	5,235.82	13,007.41	14,494.38	3,748.85
Class of '20	3,325.66	2,541.75	1,844.00	4,023.41
Class of 2021	2,129.35	2,459.11	1,313.50	3,274.96
Class of 2022	924.33	5,493.41	5,041.02	1,376.72
Class of 2023	0.00	3,752.59	2,260.30	1,492.29
Art Club	80.92	0.00	23.65	57.27
Band	2,982.42	6,939.75	4,711.20	5,210.97
Bank Charges	379.57	7.04	0.00	386.61
Baseball Club	24.90	10,063.00	10,072.35	15.55
Book Buyers Club	630.18	28.00	59.08	599.10
Boy's Lacrosse	314.18	0.00	104.75	209.43
Future Business Leaders	3,398.84	6,130.76	6,355.31	3,174.29
Cheerleaders	1,185.69	8,649.50	8,356.58	1,478.61
Chess Club	132.89	0.00	132.89	0.00
Chorus	4,593.03	3,931.50	2,896.97	5,627.56
Drama Club	2,130.73	3,666.40	3,829.10	1,968.03
Elementary Library	1,054.72	10,542.87	9,281.16	2,316.43
Future Farmers of America	5,420.44	53,820.31	53,254.44	5,986.31
Field Hockey	790.10	2,445.37	2,375.34	860.13
Fitness Club	317.26	0.00	195.52	121.74
Football	563.71	4,118.00	3,825.61	856.10
For Friends of Rachel	6.66	146.25	95.28	57.63
French Club	2,543.74	26,350.50	24,863.40	4,030.84
Girls Varsity Basketball	609.04	7,827.00	6,213.07	2,222.97
History	809.85	2,915.00	3,120.00	604.85
Jr. High Drama Club	4,096.74	2,153.55	1,576.54	4,673.75
National Honor Society	369.59	620.50	159.09	831.00
Soccer Club	138.66	694.00	754.00	78.66
Girls Varsity Softball	1,923.83	0.00	43.95	1,879.88
6th Grade Camp Fund	914.85	0.00	914.85	0.00
Spanish Club	419.45	1,884.00	2,018.42	285.03
Varsity Club	1,324.97	14,845.70	12,586.77	3,583.90
Yearbook	9,568.07	14,508.43	15,526.79	8,549.71
Student Council	10,084.65	8,596.14	15,791.68	2,889.11
Sales Tax Holding Account	215.60	419.66	379.48	255.78
Greenwich K-6 Memory Book	1,089.41	3,721.86	4,196.73	614.54
Lacrosse Girls	954.07	1,000.00	1,512.00	442.07
SADD	1,681.12	20.00	0.00	1,701.12
Stop Stop	443.35	66.00	60.00	449.35
Robotics	7,045.01	6,622.00	7,557.36	6,109.65
<b>Totals</b>	<b>\$ 84,924.98</b>	<b>\$ 231,047.97</b>	<b>\$ 232,926.73</b>	<b>\$ 83,046.22</b>

See accompanying notes to financial statements.



Greenwich Central School District  
Extraclassroom Activity Funds  
Note to Financial Statements

June 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Extraclassroom Activity Funds of Greenwich Central School District (the District) are prepared on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. The cash basis of accounting, therefore, does not recognize receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United States. The more significant principles and policies used by the District are described below.

**Reporting Entity**

The transactions of the Extraclassroom Activity Funds are included in the reporting entity of Greenwich Central School District. Such transactions are included in the basic financial statements of the District and reported in the Trust and Agency Fund as cash and extraclassroom activity fund balances. Exclusion from the District's financial statements, due to their nature and significance of their relationship with the primary government, would cause the reporting entity's financial statements to be misleading or incomplete.

The Extraclassroom Activity Funds represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. The activities included in this report were formed only for educational and school activity purposes in accordance with District rules and regulations for the conduct, operation, and maintenance of the extraclassroom activities.

**Cash**

The District's cash consist 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 New York State or its localities.

Demand deposits at year-end were entirely covered by FDIC. At June 30, 2018, demand deposits are entirely composed of cash on hand and demand deposit accounts. All deposits are carried at cost, which equals market.

**Equity Classifications-FundBalance**

Unreserved fund balance consists of the portion of fund balance that has not been designated or reserved.

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**REPORT TO THE BOARD**

The Board of Education  
Greenwich Central School District  
Greenwich, NY 12834

We have audited the financial statements of Greenwich Central School District (the "District") for the year ended June 30, 2018, and have issued our report thereon dated September 17, 2018. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility under Accounting Principles Generally Accepted in the United States of America, Government Auditing Standards, and Uniform Guidance**

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatement may exist and not be detected by us.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Compliance Supplement.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, 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. Also, in accordance with OMB Compliance Supplement, we examined, on a test basis, evidence about the District's compliance with the types of compliance requirements 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 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 for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide legal determination on the District's compliance with those requirements.

### Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. The district adopted Gasb75 during the year ended June 30, 2018. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was Management's estimate of depreciation expense, which is based on the estimated useful lives of the District's capital assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

### Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the District's financial reporting process (that is, cause future financial statements to be materially misstated). All proposed adjustments were recorded by the business office staff prior to completion of the audit.

There were no unrecorded proposed adjustments.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### Consultations with Other Independent Accountants

In some cases management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those financial statements, our professional standards require the consulting accountant check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Issues Discussed Prior to Retention of Independent Auditor

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

### Comments and Recommendations

#### **General Fund - Unreserved Fund Balance**

As shown in Supplemental Schedule #3 on page 59, the fund balance (unrestricted, undesignated at the end of the fiscal year ended June 30, 2018) was \$1,228,362. Section 1318 of real property tax law allows the district to carry over 4% of the current year's budget to be used as undesignated fund balance. For the Greenwich Central School District, this amount would be \$866,526 (4% of \$21,663,160). For the fiscal year ended June 30, 2018, the district carried a surplus of \$361,836 over the allowable limits to the new school year.

### **Extraclassroom Activity Funds Audit**

We completed our audit of the Extraclassroom Activity Funds as required under Section 172.3(d) of the Regulations of the Commissioner of Education. We have prepared a separate report on this audit, which is bound with the District's annual report. There were no findings to report from the audit of the extraclassroom activity funds.

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by Troy Tyler and his staff during our examination. Should you have any questions concerning the matters presented herein, we would be pleased to discuss them with you at your convenience.

September 17, 2018

*Jenkins, Beecher, & Bethel, LLP*