

PEEKSKILL CITY SCHOOL DISTRICT

***GENERAL PURPOSE
FINANCIAL STATEMENTS***

JUNE 30, 2018

PEEKSKILL CITY SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To The Board of Education of the
Peekskill City School District
Peekskill, New York

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Unmodified Opinions

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

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, on pages 4 through 15 and 58 through 63, 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 consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

The prior year summarized comparative information has been derived from the District's June 30, 2017 financial statements and, in our report dated September 25, 2017, we expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2018 on our consideration of the Peekskill City School District, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Peekskill City School District, New York's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "Cooper Arino" followed by a stylized flourish or initials.

Mongaup Valley, New York
September 26, 2018

PEEKSKILL CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018
UNAUDITED

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

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

Financial Highlights

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

For fiscal year 2017-18, total revenue for all categories was \$95,120,796. General revenues accounted for \$87,137,576, or 92 percent of total revenues. Program specific revenues in the form of operating grants, charges for services, contributions and capital grants accounted for \$7,983,220 or 8 percent of total revenues.

The District had \$90,582,128 in total expenses. Of this amount, \$7,983,220 was offset by program specific charges for services or grants, and the remainder was financed with general revenues such as property taxes, non-property taxes and state aid.

Key financial highlights for the governmental funds are as follows:

The General Fund had \$87,546,918 in total revenues and \$83,120,505 in total expenses, resulting in an increase in fund balance of \$4,426,413 and a total fund balance of \$17,331,225. The District appropriated \$2,882,879 of fund balance to reduce the taxes for 2018-19. We also increased the Tax Certiorari Reserve by \$1,155,000 and increased the Employees Retirement Reserve by \$2,150,000. The District will maintain an unassigned fund balance of 4.00% or \$3,720,429.

Using this Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the individual funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions to ask the question, "How did we do financially in the 2017-2018 year?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the method of accounting used by most private-sector businesses. This basis of accounting considers all of the current year revenues and expenses, regardless of when cash is received or paid.

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

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

Governmental Activities:

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 28 to 57 of this report.

The School District as a Whole

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

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

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

Table 1
Net Position

Assets	June 30, 2018	June 30, 2017
Current Assets	\$ 27,110,051	\$ 25,265,674
Non-Current Assets	82,834,428	81,107,660
Total Assets	109,944,479	106,373,334
Deferred Outflows of Resources		
Pensions	23,064,725	22,904,841
Deferred Charge on Refunding, Net	0	2,757,519
Total Deferred Outflows of Resources	23,064,725	25,662,360
Liabilities		
Current Liabilities	6,491,706	7,834,242
Long Term Liabilities	222,045,833	78,111,906
Total Liabilities	228,537,539	85,946,148
Deferred Inflows of Resources		
Pensions	7,078,388	1,234,524
Total Deferred Inflows of Resources	7,078,388	1,234,524
Net Position		
Net Investment in Capital Assets	31,789,139	29,083,945
Restricted	9,490,580	6,173,971
Unrestricted	(143,886,442)	9,597,106
Total Net Position	\$(102,606,723)	\$ 44,855,022

The District's combined net position was \$(102,606,723) on June 30, 2018. This was an increase of \$4,538,668 from the June 30, 2017 restated net position of \$(107,145,391). The restatement of the June 30, 2017 net position was mainly attributable to the implementation of GASB 75 and GASB 86. (See Note 15)

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

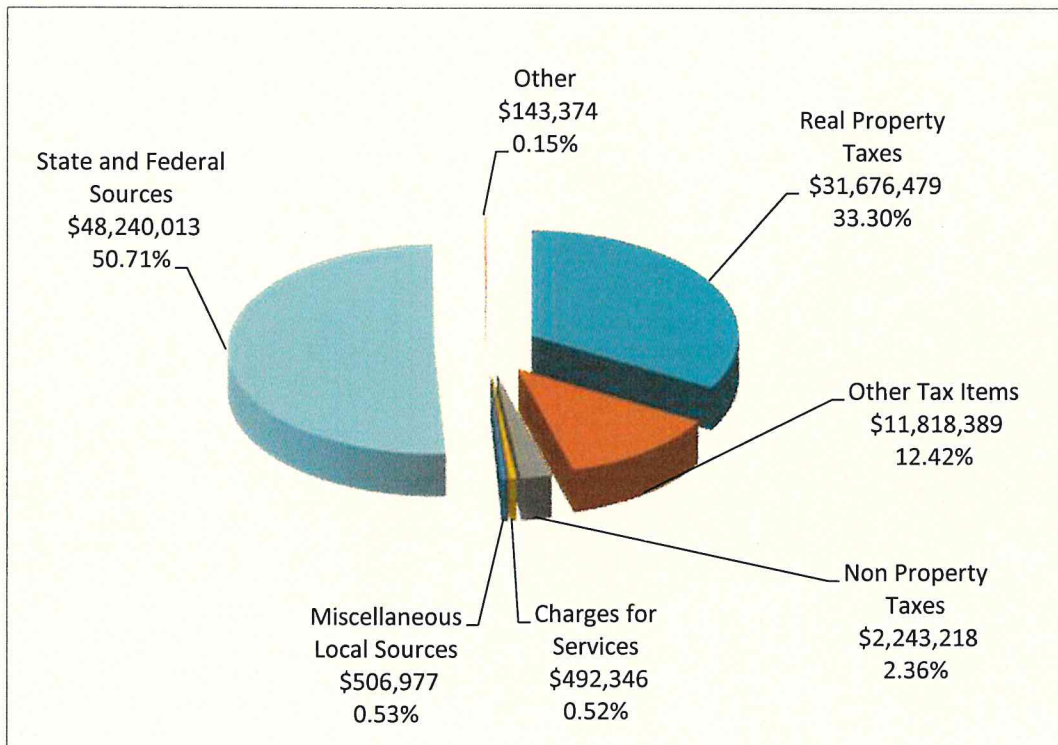
Table 2
Changes in Net Position

REVENUES	6/30/2018	6/30/2017
Program Revenues:		
Charges for Services	492,346	365,876
Operating Grants	6,303,066	7,216,877
Capital Grant	1,187,808	-
General Revenues:		
Property Tax Items	43,494,868	43,059,175
Non-Property Taxes	2,243,218	2,055,878
State Aid	40,703,213	38,222,657
Federal Aid	114,267	48,371
Local Sources	506,977	455,771
Investment Earnings	58,187	23,826
Sale of Property and Compensation for Loss	16,846	68,895
Total Revenues	95,120,796	91,517,326
EXPENSES		
General Support	9,654,840	9,606,912
Instruction	72,968,818	69,494,718
Pupil Transportation	3,763,855	3,953,608
Debt Service	2,163,517	2,964,133
School Lunch Program	2,031,098	1,971,915
Total Expenses	90,582,128	88,035,874
Increase (Decrease) in Net Position	4,538,668	3,481,452

Governmental Activities

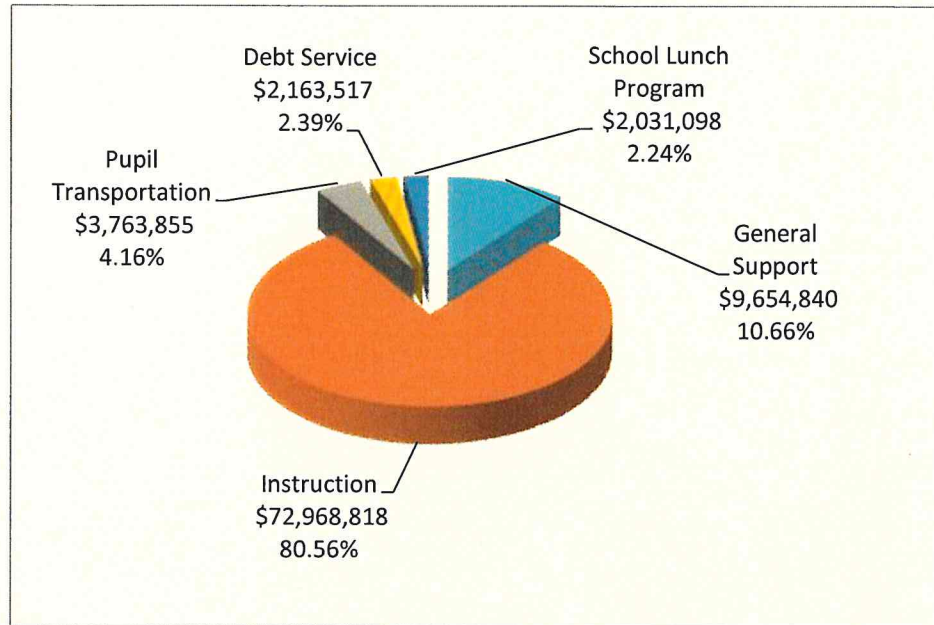
School district revenue sources are similar throughout the State. The nature of property taxes in New York creates the legal requirement to annually seek voter approval for School District operations. The District's total revenues of \$95,120,796 for the year ended June 30, 2018 were allocated as follows. Please refer to the Statement of Activities for additional detail.

Sources of Revenue 2017-2018



The total cost of all programs and services of \$90,582,128 for the year ended June 30, 2018 were allocated as follows. The District strives to focus its resources to improve the instructional program for our students. Please refer to the Statement of Activities for additional detail.

Expenses for 2017-2018



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these expenses. Table 3 shows the total cost of services and the net cost of services. The net cost shows financial burden that was placed upon the District's taxpayers by each of these functions. Information presented compares the current fiscal year end to June 30, 2018.

Table 3
Cost of Services

	Total Cost	Net Cost	Total Cost	Net Cost
	2017-2018	2017-2018	2016-2017	2016-2017
General Support	\$ 9,654,840	\$ 9,547,601	\$ 9,606,912	\$ 9,505,775
Instruction	72,968,818	67,410,076	69,494,718	64,374,734
Pupil Transportation	3,763,855	3,639,117	3,953,608	3,854,259
Debt Service	2,163,517	2,163,517	2,964,133	2,964,133
School Lunch Program	2,031,098	(161,403)	2,016,503	(216,041)
Total Expenses	90,582,128	82,598,908	\$ 88,035,874	\$ 80,453,121

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

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

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

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

The School District's Funds

All governmental funds (i.e., general fund, special aid fund, school lunch fund, capital projects fund and the debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and expenditures for the year ended June 30, 2018, exclusive of interfund transfers, amounted to \$95,141,417 and \$92,082,286, respectively. The net change in fund balance for the year ended June 30, 2018 for all governmental funds was an increase of \$3,059,131.

The General Fund had a fund balance increase of \$4,426,413. With the volatile fiscal environment on the local, state and federal levels, fund balance will be a necessary tool for District budget management.

The Cafeteria had an increase in fund balance of \$158,894. The District continues to take steps to maximize revenues by closely monitoring of expenditures and improving menu selection to increase program participation.

The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year amounts. This table excludes proceeds of long term debt and interfund transfers.

	Revenue 2017-18	Revenue 2016-17	Increase/ (Decrease) from 06/30/2017	Percentage Inc/(Dec) from 06/30/2017
Property Tax Items	\$43,494,868	\$ 43,059,175	435,693	1%
State Sources	43,348,532	39,627,268	3,721,264	9%
Federal Sources	4,891,481	5,781,231	(889,750)	(15%)
Other Local Sources	3,406,536	3,076,439	330,097	11%
Total	\$ 95,141,417	\$ 91,544,113	3,597,304	4%

The following schedule represents a summary of the expenditures of the governmental funds for the fiscal year ended June 30, 2018, and the percentage increases and decreases in relation to prior year amounts. This table excludes interfund transfers.

	Expenses 2017-18	Expenses 2016-17	Increase/ (Decrease) from 06/30/2017	Percentage Inc/(Dec) from 06/30/2017
General Support	7,211,914	\$ 7,145,364	\$ 66,550	1%
Instruction	51,965,221	50,567,419	1,397,802	3%
Pupil Transportation	3,696,475	3,887,112	(190,637)	(5%)
Employee Benefits	18,422,535	17,770,153	652,382	4%
Debt Service	6,125,675	5,877,547	248,128	4%
Cost of Sales	1,969,231	1,960,966	8,265	0
Capital Outlay	2,691,235	4,576,584	(1,885,349)	(41%)
Total	\$92,082,286	\$ 91,785,145	\$ 297,141	0.32%

Expenditures were fairly consistent with the exception of Capital Outlay. Voters approved an Energy Performance Project in which the majority of the expense was paid out in 2016-17 fiscal year and the District expended over \$1 million related to the Smart Schools Bond Act in the 2017-2018 year.

General Fund Budget Highlights

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

Over the course of the year, the District revised the General Fund budget to recognize the routine carry-forward of encumbrances from fiscal year end June 30, 2017, in the amount of \$644,398. See the Required Supplementary Information for a detailed presentation of the budget to actual activity in the General Fund.

Budget adjustments were made during the course of the fiscal year, within general ledger functions, in accordance with District policy. The budget status was reviewed monthly to monitor budget allocations with recorded expenditures to ensure accurate reporting. This practice provides oversight at the next level to the payroll and accounts payable process.

Capital Assets

At the end of fiscal year 2018, the District had \$81,254,496 invested in land, buildings, furniture and equipment and vehicles, net of \$35,852,935 in accumulated depreciation. Table 4 shows fiscal year 2018 balances compared to fiscal 2017.

Table 4
Capital Assets (Net of Depreciation)

	6/30/2018	6/30/2017
Land	\$ 409,000	\$ 409,000
Construction In Progress	2,421,491	4,552,569
Building And Improvements	77,136,711	74,635,064
Furniture And Equipment	1,287,294	1,511,027
Total	\$ 81,254,496	\$ 81,107,660

Overall net capital assets increased by \$146,836. The increase is the net result of \$2,773,164 in capital purchases less current year depreciation of \$2,621,295 and net book value of disposed assets of \$4,413. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2018, the School District had \$222,045,833 of outstanding long-term debt. Table 5 represents fiscal year 2018 balances compared to fiscal year 2017.

Table 5
Outstanding Debt

	6/30/2018	6/30/2017
Serial Bonds	\$ 48,115,000	\$ 51,480,000
Energy Performance Contract	7,755,357	8,324,733
Compensated Absences	604,705	615,439
Net OPEB Obligation (See Note 15)	0	13,434,004
Total OPEB Liability (See Note 15)	164,812,732	-
Net Pension Liability	758,039	4,257,730
Total	\$ 222,045,833	\$ 78,111,906

Serial bond decreased by \$3,365,000 and the energy performance contract decreased overall by \$569,376, respectively, due to repayment of principal and interest. Details of the change in the Total OPEB Liability and Net Pension Liability are detailed in Notes 10 and 11 to the financial statements.

For the Future

The challenges facing the local, state and federal budgets and the future finances of the District are subject to external pressures. The District is faced with budget increases such as salaries, health costs and rising retirement system contributions, during times of potentially decreased state and/or federal funding. The management of the District continues to aggressively pursue pro-active in house expense reduction. The focus of this pursuit is to analyze expenditure trends, where possible, phase in increases and to reduce or eliminate expenses.

Our overall goal always is to be mindful of the burden on the taxpayers of the District, while balancing the educational needs of a diverse student base. Alternate sources of funding are aggressively sought to help support District wide programs. We are not alone in our fiscal struggle. The District faces similar issues with other local municipalities, such as rising costs and declining revenues. We will continue to explore new partnerships to provide mutual benefit for all who participate. As a District, we are committed to providing a quality education for our students as we prepare them for the global world that awaits.

Contacting the School District's Financial Management

This financial report is designed to provide our taxpayers, citizens, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report, or need additional information, contact Robin Zimmerman, Assistant Superintendent for Business, Peekskill City School District, 1031 Elm St. Peekskill NY 10566

PEEKSKILL CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash	\$ 11,956,297	\$ 14,672,375
Cash - Restricted	9,490,580	6,173,971
Taxes Receivable	299,479	538,798
Accounts Receivable	24,778	55,316
State and Federal Aid Receivable	3,762,404	2,661,362
Due From Other Governments	1,576,513	1,028,052
Due From Fiduciary Funds	-	114,055
Inventory	<u>-</u>	<u>21,745</u>
Total Current Assets	<u>27,110,051</u>	<u>25,265,674</u>
Non-Current Assets		
Net Pension Asset	1,579,932	-
Capital Assets	117,107,431	114,377,059
Less: Accumulated Depreciation	<u>(35,852,935)</u>	<u>(33,269,399)</u>
Total Non-Current Assets	<u>82,834,428</u>	<u>81,107,660</u>
TOTAL ASSETS	<u>109,944,479</u>	<u>106,373,334</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	23,064,725	22,904,841
Deferred Charge on Refunding, Net	<u>-</u>	<u>2,757,519</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>23,064,725</u>	<u>25,662,360</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PEEKSKILL CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

(Continued)

	<u>2018</u>	<u>2017</u>
LIABILITIES		
Accounts Payable	\$ 1,113,441	\$ 1,889,690
Accrued Liabilities	556,450	865,493
Due To Fiduciary Funds	10,593	10,725
Due To Other Governments	802,200	618,277
Due To TRS	3,752,269	4,195,437
Due To ERS	244,902	247,986
Unearned Revenues	<u>11,851</u>	<u>6,634</u>
Total Current Liabilities	<u>6,491,706</u>	<u>7,834,242</u>
Non-Current Liabilities:		
Due Within One Year:		
Serial Bonds	3,470,000	3,365,000
Energy Performance Contract	583,155	569,377
Net OPEB Obligation	-	4,300,000
Total OPEB Liability	5,500,000	-
Due Beyond One Year:		
Serial Bonds	44,645,000	48,115,000
Energy Performance Contract	7,172,202	7,755,356
Net OPEB Obligation	-	9,134,004
Total OPEB Liability	159,312,732	-
Compensated Absences	604,705	615,439
Net Pension Liability	<u>758,039</u>	<u>4,257,730</u>
Total Non-Current Liabilities	<u>222,045,833</u>	<u>78,111,906</u>
TOTAL LIABILITIES	<u>228,537,539</u>	<u>85,946,148</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	<u>7,078,388</u>	<u>1,234,524</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,078,388</u>	<u>1,234,524</u>
NET POSITION		
Net Investment In Capital Assets	31,789,139	29,083,945
Restricted	9,490,580	6,173,971
Unrestricted	<u>(143,886,442)</u>	<u>9,597,106</u>
TOTAL NET POSITION	<u>\$ (102,606,723)</u>	<u>\$ 44,855,022</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PEEKSKILL CITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE NET FIGURES FOR THE YEAR ENDED JUNE 30, 2017)

	I PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	2017
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS		
FUNCTIONS/PROGRAMS						
General Support	\$ 9,654,840	\$ 107,239	\$ -	\$ -	\$ (9,547,601)	\$ (9,505,775)
Instruction	72,968,818	299,932	4,071,002	1,187,808	(67,410,076)	(64,374,734)
Pupil Transportation	3,763,855	-	124,738	-	(3,639,117)	(3,824,520)
Debt Service	2,163,517	-	-	-	(2,163,517)	(2,964,133)
School Lunch Program	2,031,098	85,175	2,107,326	-	161,403	216,041
TOTAL FUNCTIONS AND PROGRAMS	90,582,128	492,346	6,303,066	1,187,808	(82,598,908)	(80,453,121)
GENERAL REVENUES						
Real Property Taxes					31,676,479	31,405,798
Other Tax Items					11,818,389	11,653,377
Non Property Taxes					2,243,218	2,055,878
Investment Earnings					58,187	23,826
Sale of Property and Compensation For Loss					16,846	68,895
Miscellaneous Local Sources					506,977	455,771
State Sources					40,703,213	38,222,657
Federal Sources					114,267	48,371
TOTAL GENERAL REVENUES					87,137,576	83,934,573
CHANGE IN NET POSITION					4,538,668	3,481,452
NET POSITION - Beginning of Year (Restated)					(107,145,391)	41,373,570
NET POSITION - End of Year					\$ (102,606,723)	\$ 44,855,022

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PEEKSKILL CITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

		I NON-MAJOR					
		SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	MISC. SPECIAL REVENUE	TOTAL GOVERNMENTAL FUNDS
ASSETS	GENERAL						2016
Cash	\$ 9,152,368	\$ 32,910	\$ 778,669	\$ 638,095	\$ 1,299,521	\$ 54,734	\$ 11,956,297
Cash - Restricted	9,490,580	-	-	-	-	-	9,490,580
Taxes Receivable	299,479	-	-	-	-	-	299,479
Accounts Receivable	21,465	-	3,313	-	-	-	24,778
Due From Other Funds	1,725,851	-	668,911	-	105	-	2,394,867
State And Federal Aid Receivable	1,121,970	1,302,271	144,348	1,187,808	6,007	-	3,762,404
Due From Other Governments	1,576,513	-	-	-	-	-	1,576,513
Inventories	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 23,388,226	\$ 1,335,181	\$ 1,595,241	\$ 1,825,903	\$ 1,305,633	\$ 54,734	\$ 29,504,918
							\$ 28,763,429

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PEEKSKILL CITY SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	<u>2018</u>	<u>2017</u>
Total Governmental Fund Balances	\$ 21,147,499	\$ 17,988,368
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets and accumulated depreciation at June 30, 2018 are \$117,107,431 and \$35,852,935, respectively.	81,254,496	81,107,660
Refunding bond issuance costs are reported in the governmental funds as expenditures when paid. In the statement of net position, the costs in excess of the refunded debt are amortized over the life of the bond. Deferred refunding bond costs and accumulated amortization at June 30, 2018 are \$0 and \$0, respectively. (See Note 15)	-	2,757,519
Proportionate share of long-term asset and liability associated with participation in State Retirement Systems are not current financial resources or obligations and are not reported in the governmental funds.		
Net Pension Asset	1,579,932	
Deferred Outflows of Resources	23,064,725	
Net Pension Liability	(758,039)	
Deferred Inflows of Resources	<u>(7,078,388)</u>	17,412,587
	16,808,230	
The long-term asset and liability associated with the OPEB Liability are not current financial resources or obligations and are not reported in the governmental funds.		
Deferred Outflows of Resources	-	
Deferred Inflows of Resources	-	
Total OPEB Liability	<u>(164,812,732)</u>	(164,812,732)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds Payable	(48,115,000)	
Energy Performance Contract	(7,755,357)	
Compensated Absences	(604,705)	
Net OPEB Obligation	<u>-</u>	(73,854,176)
Accrued interest on debt is reported in the statement of net position, regardless of when due. In the governmental funds, interest is not reported until it is due.	<u>(529,154)</u>	<u>(556,936)</u>
Net Position of Governmental Activities	<u>\$ (102,606,723)</u>	<u>\$ 44,855,022</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

		I NON-MAJOR					TOTAL
		SPECIAL	SCHOOL	CAPITAL	DEBT	MISC.	GOVERNMENTAL
	GENERAL	AID	LUNCH	PROJECTS	SERVICE	REVENUE	FUNDS
REVENUES							
Real Property Taxes	\$ 31,676,479	-	\$ -	\$ -	-	\$ -	\$ 31,676,479
Other Tax Items	11,818,389	-	-	-	-	-	11,818,389
Non Property Taxes	2,243,218	-	-	-	-	-	2,243,218
Charges For Services	299,932	-	-	-	-	-	299,932
Use of Money and Property	146,976	-	7,638	-	10,385	427	165,426
Sale of Property and							
Compensation For Loss	21,259	-	-	-	-	-	21,259
Miscellaneous Local Sources	506,977	-	29,261	-	-	68,341	604,579
Interfund Revenues	16,208	-	-	-	-	-	16,208
State Sources	40,703,213	1,407,705	49,806	1,187,808	-	-	43,348,532
Federal Sources	114,267	2,719,694	2,057,520	-	-	-	4,891,481
Sales	-	-	55,914	-	-	-	55,914
TOTAL REVENUES	87,546,918	4,127,399	2,200,139	1,187,808	10,385	68,768	95,141,417
OTHER SOURCES							
Interfund Transfers In	-	200,000	22,076	419,912	5,677,289	-	6,319,277
Proceeds of Long Term Debt	-	-	-	-	-	-	-
TOTAL REVENUES AND OTHER SOURCES	87,546,918	4,327,399	2,222,215	1,607,720	5,687,674	68,768	101,460,694
EXPENDITURES							
General Support	7,195,706	16,208	-	-	-	-	7,211,914
Instruction	48,024,264	3,883,941	-	-	-	57,016	51,965,221
Pupil Transportation	3,540,553	155,922	-	-	-	-	3,696,475
Employees Benefits	18,112,117	271,328	39,090	-	-	-	18,422,535
Debt Services:							
Principal	-	-	-	-	3,934,376	-	3,934,376
Interest	-	-	-	-	2,191,299	-	2,191,299
Cost of Sales	-	-	1,969,231	-	-	-	1,969,231
Capital Outlay	-	-	-	2,691,235	-	-	2,691,235
TOTAL EXPENDITURES	76,872,640	4,327,399	2,008,321	2,691,235	6,125,675	57,016	92,082,286

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

(Continued)	I NON-MAJOR						TOTAL GOVERNMENTAL FUNDS	2017
	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	MISC. SPECIAL REVENUE		
OTHER USES								
Interfund Transfers Out	\$ 6,247,865	\$ -	\$ 55,000	\$ 1,500	\$ -	\$ 14,912	\$ 6,319,277	\$ 6,429,015
TOTAL EXPENDITURES AND OTHER USES	83,120,505	4,327,399	2,063,321	2,692,735	6,125,675	71,928	98,401,563	98,214,160
NET CHANGE IN FUND BALANCES	4,426,413	-	158,894	(1,085,015)	(438,001)	(3,160)	3,059,131	4,562,068
FUND BALANCE - Beginning of Year (Restated)	12,904,842	-	1,305,811	2,076,361	1,743,634	57,720	18,088,368	13,426,300
FUND BALANCE - End of Year	\$ 17,331,255	\$ -	\$ 1,464,705	\$ 991,346	\$ 1,305,633	\$ 54,560	\$ 21,147,499	\$ 17,988,368

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2018</u>	<u>2017</u>
Total Net Change in Fund Balances – Governmental Funds	\$ 3,059,131	\$ 4,562,068
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.		
Depreciation Expenses	(2,621,915)	
Capital Outlay	<u>2,773,164</u>	151,249
		2,002,194
Refunding bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are refunded. However, in the statement of activities, the costs in excess of the refunded debt are amortized over the life of the bonds. (See Note 15)		
Amortization Expense	-	(156,422)
Proceeds of long term debt are reported as revenues in the governmental funds. The proceeds increase liabilities in the statement of net position and have no effect on the statement of activities.		
Energy Performance Contract	-	
Serial Bonds	<u>-</u>	-
		(4,803,100)
Repayments of principal on debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
Serial Bonds	569,376	
Energy Performance Contract	<u>3,365,000</u>	3,934,376
		3,584,075
In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		
Compensated Absences	10,734	
Net OPEB Obligation	<u>-</u>	10,734
		(1,355,836)
(Increases) decreases in proportionate share of net pension asset/liability reported in the statement of activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		
Teachers' Retirement System	(558,436)	
Employees' Retirement System	<u>(45,921)</u>	(604,357)
		(375,654)

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

(Continued)

	<u>2018</u>	<u>2017</u>
(Increases) decreases in the OPEB liability reported in the statement of activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		
Total OPEB Liability	\$ (2,035,834)	\$ -
In the governmental funds, the total amount received for the sale of assets is reported as revenue. In the statement of activities, the revenues are reduced by the net book value of the asset being sold.	(4,413)	(820)
In the statement of activities, interest on debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.		
Current Year Accrued Interest	(529,154)	
Prior Year Accrued Interest	<u>556,936</u>	<u>24,947</u>
	<u>27,782</u>	
Change in Net Position of Governmental Activities	\$ <u>4,538,668</u>	\$ <u>3,481,452</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PEEKSKILL CITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	PRIVATE PURPOSE <u>TRUST FUND</u>	AGENCY <u>FUND</u>
ASSETS		
Cash and Cash Equivalents	\$ 152,356	\$ 124,424
Due From Governmental Funds	<u>-</u>	<u>10,593</u>
TOTAL ASSETS	<u>152,356</u>	<u>\$ 135,017</u>
LIABILITIES		
Extraclassroom Activity Balances	-	\$ 84,040
Agency Liabilities	<u>-</u>	<u>50,977</u>
TOTAL LIABILITIES	<u>-</u>	<u>\$ 135,017</u>
Reserved For Scholarships	<u>\$ 152,356</u>	

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	PRIVATE PURPOSE <u>TRUST FUND</u>
ADDITIONS	
Investment Earnings	\$ 2,317
Donations	<u>4,900</u>
TOTAL ADDITIONS	<u>7,217</u>
DEDUCTIONS	
Scholarships Awarded	<u>13,500</u>
TOTAL DEDUCTIONS	<u>13,500</u>
Change in Net Position	(6,283)
NET POSITION – Beginning of the Year	<u>158,639</u>
NET POSITION – End of Year	<u>\$ 152,356</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. **Financial Reporting Entity**

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

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

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

1. Included in the Reporting Entity

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

a. The Extraclassroom Activity Funds

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

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Joint Venture

The Peekskill City School District is a component school district in the Putnam Northern Westchester Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

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

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

Separate financial statements for the BOCES are available from the BOCES' administrative office.

C. Basis of Presentation

1. 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.

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Fund financial statements

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

The District reports the following major governmental funds:

General Fund – principal operating fund of the District, used to account for all financial resources except those required to be accounted for in another fund.

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

Special Aid Fund – used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.

School Lunch Fund – used to account for transactions of the School District lunch, breakfast, and milk programs.

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

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following non-major governmental funds:

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

Miscellaneous Special Revenue Fund - used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes.

Additionally, the District reports the following fund type

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

Private Purpose Trust Fund

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

Agency Fund

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

D. **Basis of Accounting/Measurement Focus**

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

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year. The full real property tax warrant is accrued and recognized in the year levied since the City of Peekskill guarantees full payment and assumes responsibility for collection.

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

E. **Property Taxes**

1. Calendar

Real property taxes are levied annually by the Board of Education no later than July 1st, and became a lien on July 1st. The first half of the tax bill is payable without penalty until July 31st and the second half is payable without penalty until January 31st.

2. Enforcement

The City of Peekskill is responsible for the billing and collection of taxes. The City guarantees the full payment of the District warrant and assumes responsibility for uncollected taxes.

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Procedures And Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:

I. General Fund

- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had no supplemental appropriations during the year.

2. Encumbrances

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

3. Budget Basis of Accounting

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

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. **Cash and Cash Equivalents**

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

H. **Inventory**

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

I. **Accounts Receivable**

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

J. **Capital Assets**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization thresholds used by the District are \$15,000 for buildings and improvements and \$1,000 for machinery and equipment.

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

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

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

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. **Unearned Revenue**

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

L. **Vested Employee Benefits**

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

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

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

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System. In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance in the fund financial statements by recording its share of insurance premiums as an expenditure in the year paid. In the District-wide statements, the liability is reported at actuarially calculated amounts (See Note 10).

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. **Interfund Activity**

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

N. **Equity Classifications**

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

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

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

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

Order of Use of Net Position:

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

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$0.

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 District has established the following restricted fund balances:

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Certiorari

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

Unemployment Insurance

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

Employee Benefit Accrued Liability

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

Retirement Contribution

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

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

Assigned – includes amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority, or by their designated official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance generally includes encumbrances in the General Fund and appropriated fund balance. The Board of Education is the decision making authority that can, by resolution, assign fund balance. The District reported encumbrances of \$1,237,366 as assigned fund balance in the General Fund as of June 30, 2018.

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Order of Use of Fund Balance:

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

O. **Use of Estimates**

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

P. **New Accounting Standards**

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

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

GASB 81 – Irrevocable Split-Interest Agreements.

GASB 85 – Omnibus 2017

GASB 86 – Certain Debt Extinguishment Issues

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Future Accounting Standards

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

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

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

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

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

R. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. The District reports \$23,064,725 in deferred outflows of resources related to pensions and \$0 in deferred outflows of resources related to the Total OPEB Liability as of June 30, 2018.

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

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The District reports \$7,078,388 in deferred inflows of resources related to pensions and \$0 in deferred inflows of resources related to the Total OPEB Liability as of June 30, 2018.

The reporting of deferred outflows of resources and deferred inflows of resources related to pensions resulted in a net increase of \$16,808,230 to unrestricted net position as of June 30, 2018.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENT

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

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

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

2. 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:

- a) Long-term revenue differences:

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

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL
FUND STATEMENTS AND DISTRICT-WIDE STATEMENT (Continued)

b) Capital related differences:

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

c) Long-term debt transaction differences:

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

NOTE 3 – PARTICIPATION IN BOCES

During the year ended June 30, 2018, the Peekskill City School District was billed \$8,895,696 for BOCES administrative and program costs. General purpose financial statements for the BOCES are available at the BOCES' administrative office.

The School District's share of BOCES income amounted to \$1,599,991.

NOTE 4 – CASH AND INVESTMENTS

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

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

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

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – CASH AND INVESTMENTS (Continued)

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

Collateralized with securities held by the pledging financial institution, or its trust department, but not in the District's name. \$ 21,110,367

NOTE 5 – 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	\$ 409,000	\$ -	\$ -	\$ 409,000
Construction In Progress	<u>4,552,569</u>	<u>1,746,004</u>	<u>3,877,082</u>	<u>2,421,491</u>
Total non-depreciable historical cost	<u>4,961,569</u>	<u>1,746,004</u>	<u>3,877,082</u>	<u>2,830,491</u>
Capital assets that are depreciated:				
Building and Improvements	103,521,866	4,801,600	-	108,323,466
Furniture and Equipment	<u>5,893,624</u>	<u>102,642</u>	<u>42,792</u>	<u>5,953,474</u>
Total depreciable historical cost	<u>109,415,490</u>	<u>4,904,242</u>	<u>42,792</u>	<u>114,276,940</u>
Less accumulated depreciation:				
Building and Improvements	28,886,802	2,299,953	-	31,186,755
Furniture and Equipment	<u>4,382,597</u>	<u>321,962</u>	<u>38,379</u>	<u>4,666,180</u>
Total Accumulated Depreciation	<u>33,269,399</u>	<u>2,621,915</u>	<u>38,379</u>	<u>35,852,935</u>
Total historical cost, net	<u>\$ 81,107,660</u>	<u>\$ 4,028,331</u>	<u>\$ 3,881,495</u>	<u>\$ 81,254,496</u>
Depreciation expense was charged to Governmental functions as follows:				
General Support		\$ 657,183		
Instruction		1,927,399		
School Lunch		<u>37,333</u>		
		<u>\$ 2,621,915</u>		

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2018 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>	<u>INTERFUND REVENUES</u>	<u>INTERFUND EXPENDITURES</u>
General Fund	\$ 1,725,851	\$ 668,911	\$ -	\$ 6,247,865
Special Aid Fund	-	1,088,017	200,000	-
School Lunch Fund	668,911	-	22,076	55,000
Capital Fund	-	648,532	419,912	1,500
Debt Service Fund	105	-	5,677,289	-
Miscellaneous Special Revenue Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,912</u>
Total Governmental Activities	<u>2,394,867</u>	<u>2,405,460</u>	<u>6,319,277</u>	<u>6,319,277</u>
Agency Fund	<u>10,593</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fiduciary Funds	<u>10,593</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 2,405,460</u>	<u>\$ 2,405,460</u>	<u>\$ 6,319,277</u>	<u>\$ 6,319,277</u>

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

The District typically transfers funds from the General Fund to the Special Aid Fund to cover expenses that are not reimbursed by Federal or State Grants, and to the Debt Service Fund to make principal and interest payments on outstanding debt.

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

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

NOTE 7 – INVENTORY

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

Food and Supplies	<u>\$ -</u>
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PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – LIABILITIES

A. **Pension Plans and Post-Employment Benefits**

1. General Information

The Peekskill City School District participates in New York State and Local Employee's Retirement System (ERS), and the New York State Teachers' Retirement System (TRS). These Systems are cost sharing multiple employer, public employee retirement systems.

The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

As an employer, you make contributions to the NYS Teachers' Retirement System, a cost sharing, multiple employer defined benefit pension plan administered by the NYS Teachers' Retirement Board. The System provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries as authorized by the Education Law and Retirement and Social Security Law of the State of New York. The System issues a publicly available financial report that contains financial statements and required supplementary information for the System.

The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

b. Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees are governed by the New York State Retirement and Social Security Law (NYRSSL). The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – LIABILITIES (Continued)

3. Funding Policy

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

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

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

For the NYSTRS, employers are required to contribute at an actuarially determined rate, currently 9.80% of the annually covered payroll for the fiscal year ended June 30, 2018. Rates applicable to the fiscal years ended June 30, 2017 and 2016 were 11.72% and 13.26%, respectively. For the NYSERS, the NYS Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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

	<u>ERS</u>	<u>TRS</u>
2018	\$ 939,918	\$ 3,366,144
2017	890,096	3,860,421
2016	1,129,441	4,195,373

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – LIABILITIES (Continued)

B. Indebtedness

1. Long-Term Debt

a. Long-Term Debt Interest

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

Interest Paid	\$ 2,191,299
Less: Interest Accrued in the Prior Year	(556,936)
Plus: Interest Accrued in the Current Year	<u>529,154</u>
Total Expense	<u>\$ 2,163,517</u>

b. Changes

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

	BALANCE 07/01/17	ADDITIONS	DELETIONS	BALANCE 06/30/18	AMOUNTS DUE WITHIN ONE YEAR
Serial Bonds	\$ 51,480,000	\$ -	\$ 3,365,000	\$ 48,115,000	\$ 3,470,000
Energy Performance Contract	8,324,733	-	569,376	7,755,357	583,155
Compensated Absences	615,439	-	10,734	604,705	-
Total OPEB Liability (Restated)	<u>162,776,898</u>	<u>7,453,442</u>	<u>5,417,608</u>	<u>164,812,732</u>	<u>5,500,000</u>
TOTAL	<u>\$ 223,197,070</u>	<u>\$ 7,453,442</u>	<u>\$ 9,362,718</u>	<u>\$ 221,287,794</u>	<u>\$ 9,553,155</u>

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

c. Maturity

The following is a summary of maturity of indebtedness:

<u>PURPOSE</u>	<u>ISSUE DATE</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>OUTSTANDING 06/30/18</u>
Refunded Bond Issue	2015	2034	3.00%-5.00%	\$ 12,825,000
Refunded Bond Issue	2015	2035	3.00%-5.00%	22,875,000
Construction	2005	2034	3.50%	1,085,000
Construction	2010	2025	1.25%-3.25%	3,145,000
Construction	2013	2029	1.25%-4.30%	1,425,000
Tax Certiorari	2009	2018	3.50%-4.125%	120,000
Tax Certiorari	2013	2032	3.00%-3.50%	3,495,000
Tax Certiorari	2015	2034	2.50%-3.00%	2,790,000
BOCES Project	2016	2026	0.5%-3.05%	355,000
Energy Performance Contract	2012	2027	2.60%	3,225,869
Energy Performance Contract	2017	2032	2.195%	<u>4,529,488</u>
				<u>\$ 55,870,357</u>

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 8 – LIABILITIES (Continued)

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2019	\$ 4,053,155	\$ 2,108,348
2020	4,072,269	1,961,549
2021	3,001,728	1,830,434
2022	3,106,539	1,719,420
2023	3,226,711	1,599,665
2024-2028	16,926,706	5,983,169
2029-2033	15,638,249	2,661,698
2034-2035	<u>5,845,000</u>	<u>222,040</u>
TOTAL	<u>\$ 55,870,357</u>	<u>\$ 18,086,323</u>

2. Short-Term Debt

The District had no short term debt activity during the year.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

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

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Westchester-Putnam Schools Cooperative Self-Insurance Plan for Workers' Compensation. The Plan consists of five trustees selected by the Plan members. Each Trustee has one vote and no action may be taken except by a majority vote of the total membership of Trustees. Billings to each participant are based upon the costs incurred for workers' compensation. The School District has transferred all related risks to the Plan.

B. Other Items

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

C. Litigation

The District in common with other municipalities, receives numerous notices of tort claims for money damages. Of the claims currently pending none are expected to have a material effect on the financial position of the District if adversely settled.

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

The District also has a direct stake in various claims by taxpayers for re-determination of assessed valuation and tax exempt status. The settlement of such claims could result in the payment of property tax refunds by the District. The amount of the possible refunds for most claims cannot be determined at the present time and will be funded in the year in which the judgment is made.

NOTE 10 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS

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

General Information about the OPEB Plan

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

Benefits Provided – The District provides healthcare benefits for retirees and their dependents. The benefit terms and contributions required by retirees vary based on the union contract that governs the employee, and years of service with the District. The District also reimburses the cost of Medicare Part B premiums to both retirees and covered spouses. Retirees contribute the same dollar amount in their first year of retirement as in their last year of active employment. The contributions are decreased by 20% per year until the retirees are no longer required to contribute towards health insurance beginning with their sixth year of retirement.

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

Active Employees	396
Retired Employees	<u>321</u>
	<u>717</u>

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

NOTE 10 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Total OPEB Liability

The District's total OPEB liability of \$164,812,732 was measured as of June 30, 2018, using an actuarial valuation as of July 1, 2017.

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

Measurement Date	June 30, 2018
Discount Rate	3.70%
Initial Healthcare Cost Trend Rate	7.0%
Ultimate Healthcare Cost Trend Rate	4.0%

The discount rate was based on an average of the three 20-year bond indices (Bond Buyer -20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GA AA 20 Years) as of March 28, 2018.

Mortality rates were based on the RP-2014 Healthy male and Female Tables based on the Combined Healthy Table.

The actuarial assumptions used in the July 1, 2017 valuation were based on the most recent decrement tables from the NYS Employees' Retirement System and the NYS Teachers' Retirement System.

Changes in the Total OPEB Liability

Balance at June 30, 2017		\$ 162,776,898
Changes for the Year -		
Service Cost	1,530,923	
Interest	5,922,519	
Changes of Benefit Terms	-	
Differences between expended and actual experience	-	
Changes in assumptions or other inputs	-	
Benefit Payments	<u>(5,417,608)</u>	
Net Changes		<u>2,035,834</u>
Balance at June 30, 2018		<u>\$ 164,812,732</u>

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

NOTE 10 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.70%) or 1 – percentage point higher (4.70%) than the current discount rate:

	1% Decrease (2.70%)	Current Assumption (3.70%)	1% Increase (4.70%)
Total OPEB Liability	<u>\$ 197,599,737</u>	<u>\$ 164,812,732</u>	<u>\$ 140,193,685</u>

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

	1% Decrease	Current Assumption	1% Increase
Total OPEB Liability	<u>\$ 137,270,416</u>	<u>\$ 164,812,732</u>	<u>\$ 204,356,810</u>

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 \$7,453,442. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

NOTE 10 – POST EMPLOYMENT HEALTH INSURANCE BENEFITS (Continued)

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

2019	\$ -
2020	-
2021	-
2022	-
Thereafter	_____ -
TOTAL	\$ _____ -

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plan Descriptions and Benefits Provided

Detailed descriptions of the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) are included in Note 8-A to the financial statements.

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

At June 30, 2018, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2018 for ERS and June 30, 2017 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation.

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

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2017	June 30, 2016
Net pension asset/(liability)	\$ (758,039)	\$ 1,579,932
District's portion of the Plan's total net pension asset/(liability)	0.0234873%	0.207859%

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$985,841 for ERS and \$3,923,841 for TRS. At June 30, 2018, the District reported deferred outflows/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	\$ 270,368	\$ 1,299,896	\$ 223,422	\$ 615,997
Changes of assumptions	502,643	16,076,116	-	-
Net difference between projected and actual earnings on pension plan investments	1,100,992	-	2,173,248	3,721,197
Changes in proportion and differences between the District's contributions and proportionate share of contributions	203,514	150	20,414	324,110
District's contributions subsequent to the measurement date	<u>244,902</u>	<u>3,366,144</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,322,419</u>	<u>\$ 20,742,306</u>	<u>\$ 2,417,084</u>	<u>\$ 4,661,304</u>

District contributions subsequent to the measurement date of \$244,902 to ERS and \$3,366,144 to TRS will be recognized as a reduction of the net pension liability in the year June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
2018	\$ -	\$ 317,318
2019	231,683	4,204,951
2020	187,922	2,995,395
2021	(524,170)	707,299
2022	(235,002)	2,986,540
2023	-	-
Thereafter	<u>-</u>	<u>1,504,355</u>
TOTAL	<u>\$ (339,567)</u>	<u>\$ 12,715,858</u>

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Actuarial Assumptions

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

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

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

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

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 estates of return by each the target asset allocation percentage and by adding expected inflation.

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

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

Discount Rate

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

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

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

<u>ERS</u>	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension asset (liability)	\$ (5,735,530)	\$ (758,039)	\$ 3,452,719

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 – PENSION REPORTING FOR ASSETS/LIABILITIES AND DEFERRED
OUTFLOWS/INFLOWS OF RESOURCES (Continued)

<u>TRS</u>	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension asset (liability)	\$ (27,217,549)	\$ 1,579,932	\$ 25,696,393

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1 through June 30, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$244,902.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October, and November through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, based on paid TRS wages multiplied by the employer's contribution rate by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to \$3,752,269.

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 – TAX ABATEMENTS

The District is subject to tax abatement agreements entered into by the City of Peekskill Industrial Development Agency pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York. For the year ended June 30, 2018, the District received \$3,689,125 in tax abatement payments, which resulted in abated property taxes totaling \$18,533,655.

NOTE 13 – EVENTS OCCURRING AFTER REPORTING DATE

The District has evaluated events and transactions that occurred between June 30, 2018 and September 26, 2018, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 14 – RESTATED BALANCES

The beginning fund balance in the General Fund has been increased by \$100,000 to account for overstated liabilities to other school districts reported as of June 30, 2017 and decreased by \$97,171 to account for prior year expenses incorrectly reported in the Capital Projects Fund. The adjustments resulted in a net increase of \$2,829 to the General Fund beginning fund balance.

The beginning fund balance in the Capital Projects Fund has been increased by \$97,171 to account for prior year expenses that should have been reported in the General Fund.

The adjustments noted above resulted in a net increase of \$100,000 to the beginning fund balance of the governmental funds and the beginning net position in the statement of activities.

NOTE 15 – CHANGES IN ACCOUNTING PRINCIPLES

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

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

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 – CHANGES IN ACCOUNTING PRINCIPLES (Continued)

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

GASB Statement No. 75 implementation:	
Beginning Total OPEB Liability (GASB 75)	\$ (162,776,898)
Eliminate Net OPEB Obligation (GASB 45)	13,434,004
GASB Statement No. 86 implementation:	
Eliminate Deferred Charge on Refunding, net	<u>(2,757,519)</u>
Net change in beginning net position	<u>\$ (152,100,413)</u>

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

REVENUES	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2017
Local Sources:					
Real Property Taxes	\$ 31,756,621	\$ 31,756,621	\$ 31,676,479	\$ (80,142)	\$ 31,405,798
Other Tax Items	11,643,469	11,643,469	11,818,389	174,920	11,653,377
Non Property Taxes	1,770,000	1,770,000	2,243,218	473,218	2,055,878
Charges For Services	45,000	45,000	299,932	254,932	155,892
Use Of Money And Property	106,510	106,510	146,976	40,466	118,155
Sale Of Property And					
Compensation For Loss	40,000	40,000	21,259	(18,741)	69,715
Miscellaneous Local Sources	342,000	342,000	506,977	164,977	448,923
Interfund Revenue	60,000	60,000	16,208	(43,792)	25,967
State Sources:					
Basic Formula	33,734,535	33,734,535	33,322,523	(412,012)	31,002,628
Lottery Aid	5,177,233	5,177,233	5,389,776	212,543	5,439,309
BOCES	1,448,635	1,448,635	1,599,991	151,356	1,372,722
Other	960,986	960,986	390,923	(570,063)	407,998
Federal Sources	<u>50,000</u>	<u>50,000</u>	<u>114,267</u>	<u>64,267</u>	<u>48,371</u>
TOTAL REVENUES	87,134,989	87,134,989	87,546,918	411,929	84,204,733
OTHER FINANCING SOURCES					
Interfund Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>87,134,989</u>	<u>87,134,989</u>	<u>87,546,918</u>	<u>\$ 411,929</u>	<u>84,204,733</u>
FUND BALANCE					
Appropriated Fund Balance	2,500,000	2,500,000			
Prior Year Encumbrances	<u>-</u>	<u>644,398</u>			
TOTAL FUND BALANCE	<u>2,500,000</u>	<u>3,144,398</u>			
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE	<u>\$ 89,634,989</u>	<u>\$ 90,279,387</u>			

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

EXPENDITURES	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	ENCUMBRANCES	UNENCUMBERED BALANCES	2017
General Support:	\$ 55,525	\$ 59,862	\$ 44,667	\$ 194	\$ 15,001	\$ 33,869
Board of Education	399,612	453,295	444,027	22	9,246	454,848
Central Administration	621,975	656,221	566,977	25,712	63,532	572,425
Finance	913,839	936,212	814,856	3,091	118,265	739,579
Staff	4,645,381	5,015,290	4,504,648	237,771	272,871	4,055,246
Central Services	901,373	953,014	820,531	-	132,483	1,263,430
Special Items						
Instructional:	3,297,239	3,137,892	3,049,894	12,807	75,191	2,709,926
Instruction, Administration And Improvement						
Teaching:	25,852,881	25,651,427	24,418,604	18,900	1,213,923	23,580,876
Regular School						
Programs For Children With Handicapped	14,587,672	14,917,412	12,727,995	888,024	1,301,393	12,431,454
Conditions	1,182,278	1,182,278	1,182,278	-	-	866,079
Occupational Education	2,770,912	2,960,050	2,691,869	29,310	238,871	2,364,052
Instructional Media	4,061,723	4,273,942	3,953,624	17,410	302,908	3,826,881
Pupil Services	4,280,880	4,098,765	3,540,553	585	557,627	3,725,751
Pupil Transportation	19,837,910	19,757,938	18,112,117	3,540	1,642,281	17,387,847
Employee Benefits						
TOTAL EXPENDITURES	83,409,200	84,053,598	76,872,640	1,237,366	5,943,592	74,012,263
OTHER USES						
Interfund Transfers Out	6,225,789	6,225,789	6,247,865	-	(22,076)	6,163,142
TOTAL EXPENDITURES AND OTHER USES	\$ 89,634,989	\$ 90,279,387	\$ 83,120,505	\$ 1,237,366	\$ 5,921,516	\$ 80,175,405
NET CHANGE IN FUND BALANCE			4,426,413			4,029,328
FUND BALANCE - Beginning of Year (Restated)			12,904,842			8,872,685
FUND BALANCE - End of Year			\$ 17,331,255			\$ 12,902,013

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

	<u>2018</u>
Service Cost	\$ 1,530,923
Interest	5,922,519
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments	<u>(5,417,608)</u>
Net Change in Total OPEB Liability	2,035,834
Beginning Total OPEB Liability	<u>162,776,898</u>
Ending Total OPEB Liability	<u>\$ 164,812,732</u>
Covered Employee Payroll	<u>\$ 33,369,927</u>
Total OPEB Liability as a Percentage of Covered Payroll	493.91%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Changes of Benefit Terms

None

Changes of Assumptions or Other Inputs

The change in the discount rate is as follows:

June 30, 2017 Measurement Date:	4.50%
June 30, 2018 Measurement Date:	3.70%

Trust Assets

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

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

TRS System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.207859%	0.205037%	0.202327%	0.201536%
The District's proportionate share of the net pension asset (liability)	\$ 1,579,932	\$ (2,196,035)	\$ 21,015,313	\$ 22,449,868
The District's covered employee payroll	32,938,746	31,639,315	30,392,241	29,742,160
The District's proportionate share of the net pension asset (liability) as a percentage of covered employee payroll	4.80%	6.94%	69.15%	75.48%
Plan Fiduciary net position as a percentage of the total pension liability	100.66%	99.01%	110.46%	111.48%

ERS System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension liability	0.0234873%	0.0219417%	0.0227778%	0.0210247%
The District's proportionate share of the net pension liability	\$ (758,039)	\$ (2,061,695)	\$ (3,655,898)	\$ (710,267)
The District's covered employee payroll	6,498,152	6,150,079	5,907,521	5,570,143
The District's proportionate share of the net pension liability as a percentage of covered employee payroll	11.67%	33.52%	61.89%	12.75%
Plan Fiduciary net position as a percentage of the total pension liability	98.24%	94.7%	90.7%	97.9%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

TRS System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 3,366,144	\$ 3,860,421	\$ 4,195,373	\$ 5,327,760	\$ 4,833,101	\$ 3,448,413	\$ 3,192,930	\$ 2,422,326	\$ 1,770,800	N/A
Contribution in relation to the contractually required contribution	<u>3,366,144</u>	<u>3,860,421</u>	<u>4,195,373</u>	<u>5,327,760</u>	<u>4,833,101</u>	<u>3,448,413</u>	<u>3,192,930</u>	<u>2,422,326</u>	<u>1,770,800</u>	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered employee payroll	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%	8.62%	6.19%	7.63%

ERS System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 939,918	\$ 890,096	\$ 1,129,441	\$ 977,596	\$ 1,213,355	\$ 1,118,988	\$ 837,619	\$ 787,951	\$ 486,094	N/A
Contribution in relation to the contractually required contribution	<u>939,918</u>	<u>890,096</u>	<u>1,129,441</u>	<u>977,596</u>	<u>1,213,555</u>	<u>1,118,988</u>	<u>837,619</u>	<u>787,951</u>	<u>486,094</u>	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution as a percentage of covered employee payroll	14.46%	14.47%	19.12%	17.55%	N/A	N/A	N/A	N/A	N/A	N/A

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

ADOPTED BUDGET	\$ 89,634,989
ADDITIONS:	
Encumbrances From Prior Year	644,398
Appropriated Reserves	<u>-</u>
FINAL BUDGET	<u>\$ 90,279,387</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PEEKSKILL CITY SCHOOL DISTRICT
REAL PROPERTY TAX LIMIT
YEAR ENDED JUNE 30, 2018

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2018-2019 Voter Approved Expenditure Budget		<u>\$ 92,988,282</u>
Maximum allowed (4% of Budget)		<u>\$ 3,719,531</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 4,120,246	
Unassigned Fund Balance	<u>3,720,429</u>	
Total Unrestricted Fund Balance		7,840,675
Less:		
Appropriated Fund Balance	2,882,879	
Encumbrances included in Assigned Fund Balance	<u>1,237,367</u>	
Total Adjustments		<u>4,120,246</u>
General Fund Balance subject to Section 1318 of Real Property Tax Law:		<u>\$ 3,720,429</u>
Actual Percentage		4.00%

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PEEKSKILL CITY SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018

PROJECT TITLE	ORIGINAL APPROPRIATIONS	REVISED APPROPRIATIONS	EXPENDITURES		UNEXPENDED BALANCE	METHODS OF FINANCING			FUND BALANCE JUNE 30, 2018	
			PRIOR YEARS	CURRENT YEAR		TOTAL	PROCEEDS OF OBLIGATIONS	STATE AID		LOCAL SOURCES
Energy Performance Contract	\$ 4,803,100	\$ 4,803,100	\$ 3,877,082	\$ 924,518	\$ 1,500	\$ 4,801,600	\$ -	\$ -	\$ 4,801,600	\$ -
Reconstruction	10,266,322	18,910,042	18,827,476	31,996	50,570	16,445,053	65,157	3,137,842	19,648,052	788,580
Smart Schools Bond Act	2,687,787	2,687,787	15,830	1,187,808	1,484,149	-	1,187,808	-	1,187,808	(15,830)
High School Gymnasium	500,000	500,000	116,218	310,354	426,572	-	-	360,000	360,000	(66,572)
High School Generator	207,808	207,808	8,185	196,786	204,971	-	-	110,000	110,000	(94,971)
Cafeteria Freezer	55,000	55,000	-	-	-	-	-	55,000	55,000	55,000
High School Auditorium	350,000	350,000	-	24,913	24,913	-	-	350,087	350,000	325,087
Woodside Greenhouse	54,000	54,000	-	14,860	14,860	-	-	14,912	14,912	52
				\$ 2,691,235						\$ 991,346

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PEEKSKILL CITY SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2018

Capital Assets, Net	\$ 81,254,496
Less: Outstanding Bonds	(41,710,000)
Outstanding Energy Performance Contract	(7,755,357)
Plus: Unspent Debt Proceeds	<u>-</u>
Net Investment in Capital Assets	<u>\$ 31,789,139</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PEEKSKILL CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

<u>GRANTOR AGENCY</u>	<u>CFDA NUMBER</u>	<u>PASS-THROUGH GRANTORS NUMBER</u>	<u>EXPENDITURES CURRENT YEAR</u>
U.S. DEPARTMENT OF AGRICULTURE:			
Passed Through State Dept. of Education:			
School Lunch Program	10.555	N/A	\$ 1,463,920
School Breakfast Program	10.553	N/A	410,262
School Snack Program	10.555	N/A	7,916
Summer Food Service Program	10.559	N/A	<u>39,538</u>
Total Child Nutrition Cluster			1,921,636
Passed Through State Dept. of Health and Human Services:			
Commodity Supplement Food Program (Non-cash)	10.565	N/A	<u>135,884</u>
TOTAL U.S. DEPT. OF AGRICULTURE			<u>2,057,520</u>
U.S. DEPARTMENT OF EDUCATION			
Elementary/Secondary Counseling	84.215	S215E140183	277,950
Passed Through State Department of Education			
Title IIB – Math	84.366B	294-17-0245	(880)
Title IIB – Science	84.366B	294-17-0246	(76)
Title I	84.010A	021-17-3755	151,642
Title I	84.010A	021-18-3755	862,726
Title I School Improvement	84.010A	011-18-2124	175,261
Title I School Improvement	84.010A	011-17-2124	54,115
Title I School Improvement – NYSIP - PLC	84.010A	011-18-7180	2,339
IDEA, Part B	84.027A	032-18-1087	857,594
IDEA, Pre-School	84.173A	033-18-1087	<u>48,234</u>
Total Special Education Cluster			<u>905,828</u>
Title IIIA	84.365A	293-18-3755	103,011
Title IIIA Immigrant Education	84.365	149-18-3755	33,970
Title IIA	84.367A	147-18-3755	<u>153,808</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>2,719,694</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 4,777,214</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PEEKSKILL CITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

1. GENERAL

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

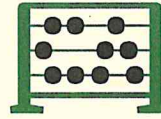
2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO GENERAL PUPOSE FINANCIAL STATEMENTS

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

Governmental Funds:	
Special Aid Fund	\$ 2,719,694
School Lunch Fund	<u>2,057,520</u>
 TOTAL	 <u>\$ 4,777,214</u>



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

To the Board of Education of the
Peekskill City School District
Peekskill, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Peekskill City School District, New York as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Peekskill City School District, New York's basic financial statements and have issued our report thereon dated September 26, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in dark ink, appearing to read "Cooper Arias" followed by a stylized mark.

Mongaup Valley, New York
September 26, 2018

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

To the Board of Education of the
Peekskill City School District
Peekskill, New York

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Mongaup Valley, New York
September 26, 2018

PEEKSKILL CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

Summary of Auditors' Results:

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

School Lunch Program	10.555
School Breakfast Program	10.553
School Snack Program	10.555
Summer Food Service Program	10.559
Commodity Supplement Food Program	10.565
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Peekskill City School District was determined to be a low-risk auditee.

Findings – Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Awards Program Audit

None

PEEKSKILL CITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018

There were no findings in the prior year.

INDEPENDENT AUDITORS' REPORT

To the Board of Education of the
Peekskill City School District
Peekskill, New York

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Basis of Accounting

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

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

A handwritten signature in dark ink, appearing to read "Cooper Arias", with a stylized flourish at the end.

Mongaup Valley, New York
September 26, 2018

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

ASSETS	
Cash - High School	\$ 47,825
Cash - Middle School	<u>36,215</u>
TOTAL ASSETS	<u>\$ 84,040</u>
FUND BALANCE	<u>\$ 84,040</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

<u>ACTIVITY</u>	<u>CASH & FUND BALANCE 07/01/17</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>CASH & FUND BALANCE 06/30/18</u>
<u>HIGH SCHOOL</u>				
Graduated Classes	\$ 6,383	\$ 646	\$ -	\$ 7,029
Class of 2017	485	-	-	485
Class of 2018	1,565	34,617	35,613	569
Class of 2019	736	1,556	1,745	547
Class of 2020	678	1,073	831	920
Class of 2021	-	697	25	672
Art Club	296	857	35	1,118
Black Culture Club	58	548	32	574
Drama Club	6,375	25,363	17,646	14,092
Environmental Club	1,772	100	1,815	57
Exchange Club	504	942	53	1,393
4H Gardening	94	1,200	1,204	90
Honor Society	-	-	-	-
International Club	3	-	-	3
Interact	1,131	2,634	2,025	1,740
Interest	39	1	-	40
Irish Culture Club	33	-	4	29
Latino Culture Club	101	2,193	2,108	186
LRD Basketball	1,025	-	4	1,021
Mercury	589	-	4	585
Music Department	319	2,115	559	1,875
Music Department City Singers	-	1,777	972	805
PBIS Council	-	-	-	-
Sales Tax	636	1,537	1,126	1,047
Science National Honor Society	680	1,388	1,563	505
Social Studies Honor Society	-	663	562	101
Ski Club	1	-	-	1
Student Council	164	2,280	2,099	345
TV Club	2,701	-	3	2,698
Varsity Basketball	590	-	554	36
Varsity Football	30	-	3	27
Wrestling	-	-	-	-
Yearbook	2,543	15,685	9,062	9,166
Yearbook Club	-	76	7	69
TOTAL HIGH SCHOOL	<u>29,531</u>	<u>97,948</u>	<u>79,654</u>	<u>47,825</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

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

<u>ACTIVITY</u>	CASH & FUND BALANCE <u>07/01/17</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	CASH & FUND BALANCE <u>06/30/18</u>
<u>MIDDLE SCHOOL</u>				
Chorus	\$ 551	\$ -	\$ -	\$ 551
Drama	3,161	3,492	2,603	4,051
Resco	4,005	185	310	3,880
Sales Tax	-	333	333	-
School Store	8,642	2,063	3,453	7,252
Student Council	25,574	37,841	42,935	20,480
Yearbook	<u>(122)</u>	<u>3,724</u>	<u>3,601</u>	<u>1</u>
TOTAL MIDDLE SCHOOL	<u>41,811</u>	<u>47,639</u>	<u>53,235</u>	<u>36,215</u>
TOTAL	<u>\$ 71,342</u>	<u>\$ 145,587</u>	<u>\$ 132,889</u>	<u>\$ 84,040</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

PEEKSKILL CITY SCHOOL DISTRICT
HIGH SCHOOL EXTRACLASROOM ACTIVITY FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - DESCRIPTION OF OPERATIONS

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Interest Income

Interest earned from the investment of the activity fund is distributed pro-rata to all activities having a cash balance.

Bank Charges

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

Inactive Accounts

The District’s policy is to transfer account balance of inactive clubs to the Student Council Fund.