

**WHITEHALL CENTRAL SCHOOL**  
**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**JUNE 30, 2019**

Whitehall Central School

June 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
Whitehall Central School District

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Whitehall Central School (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Whitehall Central School as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Reporting on Required Supplementary Information**

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

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 not a required part of the basic financial statements.

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

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

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

In Accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

September 30, 2019

*Jenkins, Beecher, & Bethel, LLP*

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**Whitehall Central School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019**

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The following is a discussion and analysis of Whitehall Central School District's financial performance for the fiscal year ended June 30, 2019. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

### FINANCIAL HIGHLIGHTS

- The District's General Fund revenues increased by 3.77% as a result of increases in real property taxes and state aid.
- The District's General Fund expenditures increased by 37.52%, largely due to increases in instruction, employee benefits and Inter-fund transfer to the Capital Projects Fund.
- The District's enrollment increased by 3 student during the current school year. The 2018-2019 enrollment was 731 compared to 728 students for the 2017-2018 school years.
- The District paid off \$180,000 of long-term debt during the year.
- The District started a new \$16,592,061 Building Project during the year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

Whitehall Central School District annual financial report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.
- The *governmental funds* statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

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

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

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

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

## District-Wide Statements

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

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

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

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

## Fund Financial Statements

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

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

The District has two kinds of funds:

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

- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

### Condensed Statement of Net Assets

	Governmental Activities And Total School District		Percentage Change
	2018	2019	2018-2019
Current and Other Assets	\$ 13,157,544	\$ 14,526,897	10.41%
Capital Assets	8,705,834	8,562,144	-1.65%
Total Assets	21,863,378	23,089,041	5.61%
Long-Term Debt Outstanding	27,792,738	20,697,413	-25.53%
Other Liabilities	849,022	8,755,196	931.21%
Total Liabilities	28,641,760	29,452,609	2.83%
Net Position			
Invested in Capital Assets, Net of Related Debt	7,325,834	7,362,144	0.50%
Restricted	7,105,996	3,110,400	-56.23%
Unrestricted	-21,210,212	-16,836,112	-20.62%
Total Net Position	\$ -6,778,382	\$ -6,363,568	-6.12%

Note: Totals may not add due to rounding.

Large change in Long-term Debt Outstanding & Unrestricted relates to the adoption of GASB 75. See notes 3 and 27.

### Changes in Net Assets

The District's fiscal year 2019 revenues totaled \$17.34 million. Property taxes and state formula aid accounted for most of the District's revenue by contributing 32% and 57% respectively, of every dollar earned. The remainder came from fees charged for services, operation grants and other miscellaneous sources. These revenues are shown in table 3.

The total cost of all programs and services totaled \$16.93 million for fiscal year 2019. These expenses (95%) are predominately support to general instruction, caring for pupil services, employee benefits and transporting students. These expenses are shown in table 3.



Table 3 shows a two-year analysis of the districts revenues and expenditures for the 2018 and 2019 school years.

**Changes in Net Assets from Operating Results**

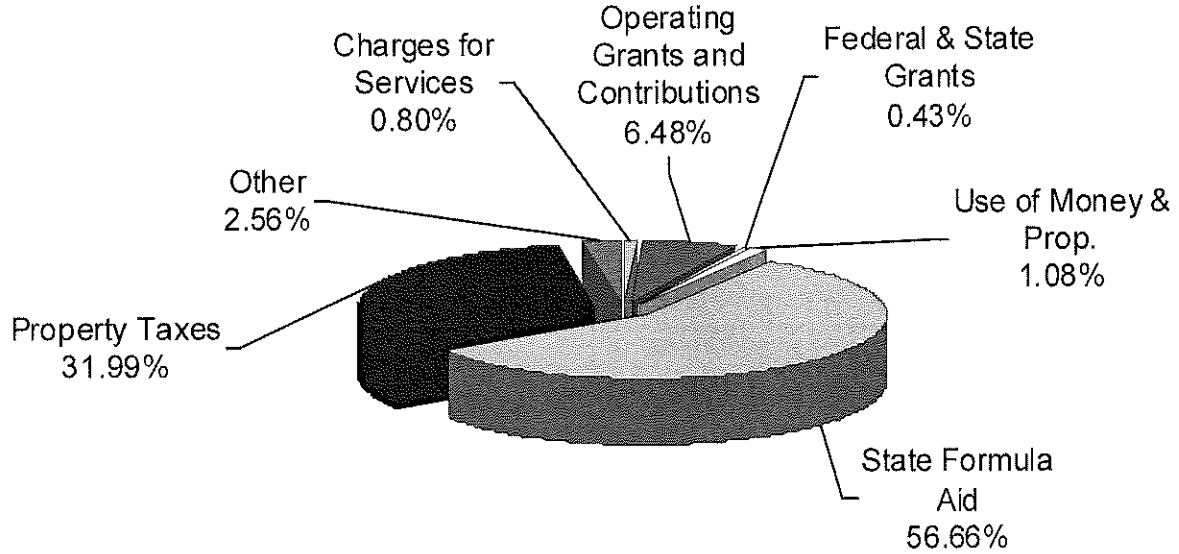
	Governmental and Total School District		Percentage Change
	2018	2019	2018-2019
<b>Revenues</b>			
Program Revenue			
Charges for Services	\$ 134,185	\$ 139,261	3.78%
Operating Grants and Contributions	1,062,548	1,124,229	5.81%
Capital Grants Contributions			
General Revenues			
Property Taxes	5,448,660	5,547,973	1.82%
State Formula Aid	9,442,266	9,828,449	4.09%
Federal Aid	98,472	73,738	-25.12%
Use of Money and Property	35,766	187,847	425.21%
Miscellaneous	462,647	443,515	-4.14%
Total Revenues	<u>\$ 16,684,544</u>	<u>\$ 17,345,012</u>	<u>3.96%</u>
<b>Expenses</b>			
General Support	\$ 2,168,902	\$ 1,947,032	-10.23%
Instruction	8,582,787	9,197,037	7.16%
Transportation	954,931	914,693	-4.21%
Employee Benefits	5,003,181	4,041,260	-19.23%
Debt Service - Interest	40,175	37,550	-6.53%
Depreciation	244,012	250,546	2.68%
School Lunch Program	513,774	527,079	2.59%
Community Service	15,000	15,000	0.00%
Total Expenses	<u>17,522,762</u>	<u>16,930,197</u>	<u>-3.38%</u>
<b>Increase in Net Assets</b>	<u>\$ -838,218</u>	<u>\$ 414,815</u>	<u>N/A</u>

Note: Totals may not add due to rounding.

Chart 1 and Chart 2 visually depict the revenues and expenses for the 2018-2019 year.

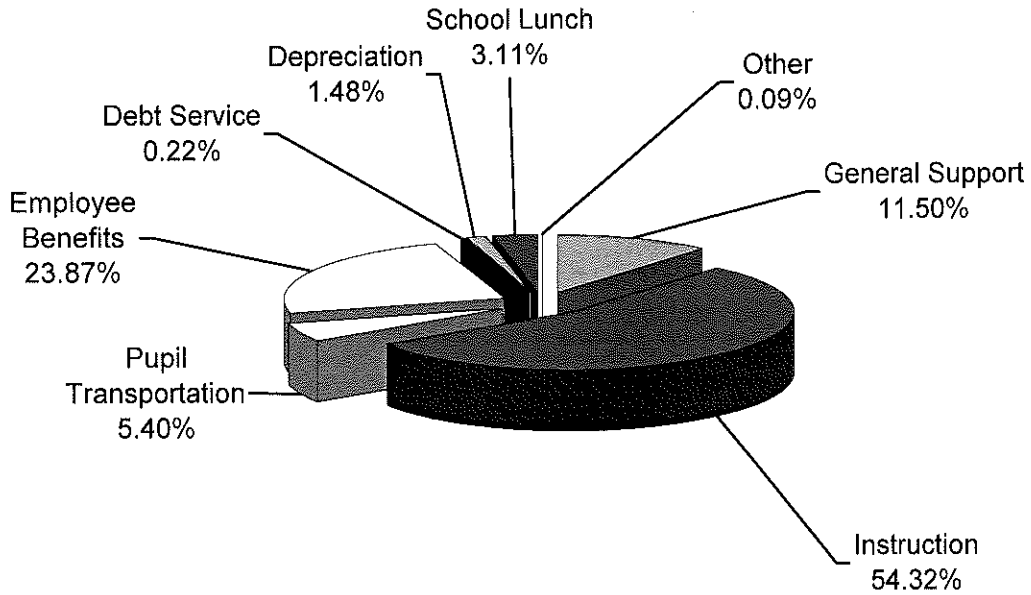
**Chart 1**

**Sources of Revenues for Fiscal Year 2019**



**Chart 2**

**Expenses for Fiscal Year 2019**



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

**Table 4 Net Cost of Governmental Activities**

	Total Cost of Services		Percent Change	Net Cost of Services		Percent Change
	2018	2019	2018-2019	2018	2019	2018-2019
General Support	\$ 2,168,902	\$ 1,947,032	-10.23%	\$ 2,168,902	\$ 1,947,032	-10.23%
Instruction	8,582,787	9,197,037	7.16%	7,768,033	8,361,860	7.64%
Pupil Transportation	954,931	914,693	-4.21%	954,931	914,693	-4.21%
Employee Benefits	5,003,181	4,041,260	-19.23%	5,003,181	4,041,260	-19.23%
Debt Service – Interest	40,175	37,550	-6.53%	40,175	37,550	-6.53%
Depreciation	244,012	250,546	2.68%	244,012	250,546	2.68%
Other	15,000	15,000	0.00%	15,000	15,000	0.00%
Cost of Sales – Food	513,774	527,079	2.59%	131,795	98,766	-25.06%
<b>Total</b>	<b>\$ 17,522,762</b>	<b>\$ 16,930,197</b>	<b>-3.38%</b>	<b>\$ 15,666,707</b>	<b>\$ 15,666,707</b>	<b>0.00%</b>

Note: Totals may not add due to rounding

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

No other significant variations are reflected in the governmental fund financial statements for 2019.

The District maintained a 4% unreserved fund balance, and has reserved fund balance for future capital projects, tax certiorari proceedings, unemployment insurance, repairs, and retiree employee benefits.

General Fund – The general fund, fund balance decreased by \$3,797,980 as shown in Statement #5.

School Lunch Funds – The special revenue funds, fund balance decreased by \$47,185, as shown in Statement #5.

Debt Service Funds – The debt service funds, fund balance increased by \$2,199 as shown in Statement #5.

Capital Projects Fund - The capital projects fund, fund balance increased by 4,530,624, as shown in Statement #5.

### **General Fund Budgetary Highlights**

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

Original adopted budget	\$ 16,519,099
Capital Projects Transfer	4880964
June 30, 2018 carryover encumbrances	<u>192,919</u>
Revised budget	\$ 21,592,982
Actual 2019 expenditures (see SS#2)	<u>19,874,603</u>
Total expenditures under budget	\$ <u><u>1,718,379</u></u>

## CAPITAL ASSET AND DEBT ADMINISTRATION

By the end of fiscal year 2019, the district had invested \$8,562,144 net of accumulated depreciation, in a broad range of capital assets.

### Capital Assets (Net of Depreciation)

	Governmental Activities and Total School District		Percentage Change
	2018	2019	
Land	\$ 10,000	\$ 10,000	0.00%
Buildings	7,555,593	7,317,943	-3.15%
Equipment and Furniture	1,140,241	1,234,201	8.24%
<b>Total</b>	<b>\$ 8,705,834</b>	<b>\$ 8,562,144</b>	<b>-1.65%</b>

Note: Totals may not add due to rounding.

### Long-Term Debt

As of June 30, 2019, the District had outstanding long-term liabilities of \$20,697,413. The various obligations are listed below in Table 6.

	Governmental Activities and Total School District		Percentage Change 2018-2019
	2018	2019	
General Obligation Bonds	\$ 1,380,000	\$ 1,200,000	-15.00%
Post Employment Benefits	24,609,722	18,615,217	-32.20%
Compensated Absences	424,997	490,713	13.39%
Net Pension Liability, Prop Share	172,313	391,483	127.19%
<b>Total</b>	<b>\$ 26,587,032</b>	<b>\$ 20,697,413</b>	<b>-28.46%</b>

Large change in Long-term Debt Outstanding is due in part to the adoption of GASB 75. See notes 3

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited the District was not aware of any circumstances that could significantly affect its financial health in the future.

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

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

**Whitehall Central School  
Business Office  
Kate DuBois, Business Manager  
87 Buckley Road  
Whitehall, New York 12887  
(518) 499-0346**

FINANCIAL STATEMENTS

Whitehall Central School  
Statement of Net Position  
Governmental Activities  
June 30, 2019

Statement #1

<b>ASSETS</b>	
Cash	
Unrestricted	\$ 6,856,651
Restricted	<u>2,358,272</u>
Investments	
Unrestricted	<u>                    </u>
Restricted	<u>                    </u>
Receivables	
Taxes	
State and Federal aid	<u>523,419</u>
Due from other governments	<u>185,759</u>
Due from fiduciary funds	
Other	<u>12,086</u>
Inventories	<u>8,243</u>
Net Pension Asset, Proportionate Share	<u>570,562</u>
Deferred expenditures	
Capital assets, net	<u>8,562,144</u>
<b>Total Assets</b>	<b>\$ 19,077,136</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Other post-employment benefits	<u>507,739</u>
Pensions	<u>3,504,166</u>
<b>Total Deferred Outflows of Resources</b>	<b>4,011,905</b>
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b><u>23,089,041</u></b>
<b>LIABILITIES</b>	
Payables	
Accounts payable	\$ 146,500
Accrued liabilities	<u>28,583</u>
Due to other governments	<u>388</u>
Due to fiduciary funds	<u>28</u>
Bond interest and matured bonds	
Notes payable	
Tax anticipation	
Revenue anticipation	
Bond anticipation	
Deferred credits	
Overpayments and collections in advance	
Deferred revenues - planned balance	
Deferred revenues - other	
Long-term liabilities	
Due and payable within one year	
Bonds payable	<u>185,000</u>
BANs refinanced on a long-term basis	
Installment purchase debt payable	
Due to teachers' retirement	<u>630,755</u>
Due to employees' retirement	<u>58,347</u>
Compensated absences	
Other postemployment benefits payable	
Judgements and claims payable	
Due and payable after one year	
Bonds payable	<u>1,015,000</u>
Installment purchase debt payable	
Due to teachers' retirement	
Due to employees' retirement	<u>490,713</u>
Compensated absences	<u>18,615,217</u>
Other postemployment benefits payable	<u>391,483</u>
Net Pension Liability, Proportionate Share	
<b>Total Liabilities</b>	<b>\$ 21,562,014</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Other Post-employment benefits	<u>6,812,445</u>
Pensions	<u>1,078,150</u>
<b>Total Deferred Inflows of Resources</b>	<b>7,890,595</b>
<b>NET POSITION</b>	
Investment in capital assets, net of related debt	<u>7,362,144</u>
Restricted for:	
Reserves, see page #32	<u>3,110,400</u>
Unrestricted (deficit)	<u>(16,836,112)</u>
<b>Total Net Position</b>	<b>\$ (6,363,568)</b>



**Whitehall Central School  
Statement of Activities  
and Changes in Net Position  
For the Year Ended June 30, 2019**

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 1,947,032	\$ _____	\$ _____	\$ _____	\$ 1,947,032
Instruction	9,197,037	_____	23,304	811,873	8,361,860
Pupil transportation	914,693	_____	_____	_____	914,693
Community service	15,000	_____	_____	_____	15,000
Employee benefits	4,041,260	_____	_____	_____	4,041,260
Debt service	37,550	_____	_____	_____	37,550
Other expenses	_____	_____	_____	_____	_____
Culture and Recreation	_____	_____	_____	_____	_____
Depreciation - Unallocated	_____	250,546	_____	_____	250,546
School lunch program	527,079	_____	115,957	312,356	98,766
<b>Total Functions and Programs</b>	<b>\$ 16,679,651</b>	<b>\$ 250,546</b>	<b>\$ 139,261</b>	<b>\$ 1,124,229</b>	<b>\$ 15,666,707</b>
<b>GENERAL REVENUES</b>					
Real property taxes					5,547,973
Other tax items					26,494
Nonproperty taxes					187,847
Use of money and property					5,770
Sale of property and compensation for loss					411,251
Miscellaneous					9,828,449
Interfund revenue					73,738
State sources					_____
Federal sources					_____
Medicaid reimbursement					_____
<b>Total General Revenues</b>					<b>16,081,522</b>
<b>Change in Net Position</b>					<b>414,815</b>
<b>Total Net Position - Beginning of year, As Previously Reported</b>					<b>(6,778,383)</b>
<b>Cumulative change in Accounting Principle, Note 27</b>					<b>_____</b>
<b>Total Net Position - Beginning of year, As Restated</b>					<b>(6,778,383)</b>
<b>Total Net Position- End of year</b>					<b>\$ (6,363,568)</b>

Whitehall Central School  
Balance Sheet - Governmental Funds  
June 30, 2019

	General	Special Aid	School Lunch	Debt Service	Capital Project	Total Governmental Funds
<b>ASSETS</b>						
Cash						
Unrestricted	2,177,604	39,340	2,005	106,907	4,530,795	6,856,651
Restricted	2,358,272					2,358,272
Investments						
Unrestricted						
Restricted						
Receivables						
Taxes						
Due from other funds	337,042	27,909				364,951
Due from fiduciary funds						
State and Federal aid	269,550	228,464	25,405			523,419
Due from other governments	185,759					185,759
Other	12,086		8,243			20,329
Inventories						
Deferred expenditures						
Capital Assets Net						
<b>Total Assets</b>	<b>5,340,313</b>	<b>295,713</b>	<b>35,653</b>	<b>106,907</b>	<b>4,530,795</b>	<b>10,309,381</b>
<b>LIABILITIES</b>						
Payables						
Accounts payable	138,206	398	7,896			146,500
Accrued liabilities	23,370	867	4,346			28,583
Due to other funds	27,929	294,448	42,594			364,971
Due to fiduciary funds	7					7
Due to other governments			388			388
Retainage payable						
Due to Teachers' Retirement System	630,755					630,755
Due to Employees' Retirement System	58,347					58,347
Judgements & claims payable						
Bond interest and matured bonds						
Notes payable						
Tax anticipation						
Revenue anticipation						
Bond anticipation						
Unearned credits						
Overpayments and collections in advance						
Unearned revenues						
Planned balance						
<b>Total Liabilities</b>	<b>878,614</b>	<b>295,713</b>	<b>55,224</b>			<b>1,229,551</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue						
Sale of future revenues						
<b>Total Deferred Inflows of Resources</b>						
<b>FUND BALANCES</b>						
Non-Spendable	19,571		8,243			27,814
Restricted	3,110,400					3,110,400
Committed						
Assigned	722,087		1,367	106,907	4,530,795	5,218,162
Unassigned	609,641		(29,181)			570,460
<b>Total Fund Balances</b>	<b>4,461,699</b>		<b>(19,571)</b>	<b>106,907</b>	<b>4,530,795</b>	<b>9,079,830</b>
<b>Total Liabilities and Fund Balances</b>	<b>5,340,313</b>	<b>295,713</b>	<b>35,653</b>	<b>106,907</b>	<b>4,530,795</b>	<b>10,309,381</b>

**Whitehall Central School**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2019**

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Cash				
Unrestricted	\$ 6,856,651			\$ 6,856,651
Restricted	2,358,272			2,358,272
Investments				
Restricted				
Unrestricted				
Receivables				
Due from other funds	364,951		(364,951)	
Due from fiduciary funds				
Due from other governments	185,759			185,759
State & federal aid receivable	523,419			523,419
Other	12,086			12,086
Inventories	8,243			8,243
Net Pension Asset, Proportionate Share		570,562		570,562
Mortgages receivable				
Land, buildings and equipment (net)		8,562,144		8,562,144
<b>Total Assets</b>	<b>\$ 10,309,381</b>	<b>\$ 9,132,706</b>	<b>\$ (364,951)</b>	<b>\$ 19,077,136</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Other Post-employment benefits		507,739		507,739
Pensions		3,504,166		3,504,166
<b>Total Deferred Outflows of Resources</b>		<b>4,011,905</b>		<b>4,011,905</b>
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>10,309,381</b>	<b>13,144,611</b>	<b>(364,951)</b>	<b>\$ 23,089,041</b>
<b>LIABILITIES</b>				
Payables				
Accounts payable	\$ 146,500			\$ 146,500
Accrued liabilities	28,583			28,583
Due to other funds	364,971		(364,971)	
Due to fiduciary funds	7		21	28
Due to other governments	388			388
Retainage payable				
Due to teachers' retirement system	630,755			630,755
Due to employees' retirement system	58,347			58,347
Judgments and claims payable				
Bond interest and matured bonds				
Notes Payable				
Tax Anticipation				
Bond anticipation				
Revenue anticipation				
Unearned Credits				
Unearned revenues				
Overpayments and collections in advance				
Planned balance				
Bonds payable		1,200,000		1,200,000
Compensated absences		490,713		490,713
Postemployment benefits		18,615,217		18,615,217
Net Pension Liability, Proportionate Share		391,483		391,483
<b>Total Liabilities</b>	<b>\$ 1,229,551</b>	<b>\$ 20,697,413</b>	<b>\$ (364,950)</b>	<b>\$ 21,562,014</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Other Post-employment benefits		6,812,445		6,812,445
Pensions		1,078,150		1,078,150
<b>Total Deferred Inflows of Resources</b>		<b>7,890,595</b>		<b>7,890,595</b>
<b>FUND BALANCE/NET ASSETS</b>				
Total Fund Balance/Net Position	9,079,830	(15,443,397)	(1)	(6,363,568)
<b>Total Liabilities and Fund Balance/Net Position</b>	<b>\$ 10,309,381</b>	<b>\$ 13,144,611</b>	<b>\$ (364,951)</b>	<b>\$ 23,089,041</b>

**Whitehall Central School  
Statement of Revenues, Expenditures  
and Changes in Fund Balance - Governmental Funds  
For the Year Ended June 30, 2019**

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes	\$ 5,547,973	\$	\$	\$	\$	\$ 5,547,973
Other tax items						
Nonproperty taxes	26,494					26,494
Charges for services	23,304					23,304
Use of money and property	174,725			2,199	10,923	187,847
Sale of property and compensation for loss	5,770					5,770
Miscellaneous	396,170		15,081			411,251
Interfund revenue						
State sources	9,828,449	181,477	9,164			10,019,090
Medicaid reimbursement						
Federal sources	73,738	630,396	271,266			975,400
Surplus food			31,926			31,926
Sales - school lunch			115,957			115,957
<b>Total Revenues</b>	\$ 16,076,623	\$ 811,873	\$ 443,394	\$ 2,199	\$ 10,923	\$ 17,345,012
<b>EXPENDITURES</b>						
General support	\$ 1,754,416	\$ 192,616	\$	\$	\$	\$ 2,168,227
Instruction	8,478,893	463,738	221,195			8,942,631
Pupil transportation	914,693					914,693
Community service	15,000					15,000
Employee benefits	3,547,169	184,938				3,732,107
Debt service					361,262	361,262
Principal interest	180,000					180,000
Interest	37,550					37,550
Cost of sales			290,386			290,386
Other expenditures			15,498			15,498
Culture and Recreation						
Capital outlay					361,262	361,262
<b>Total Expenditures</b>	\$ 14,927,721	\$ 841,292	\$ 527,079	\$	\$ 361,262	\$ 16,657,354
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,148,902	\$ (29,419)	\$ (83,685)	\$ 2,199	\$ (350,339)	\$ 687,658
<b>OTHER FINANCING SOURCES AND USES</b>						
Proceeds from debt						
Operating transfers in		29,419	36,500		4,880,963	4,946,882
Operating transfers (out)	(4,946,882)					(4,946,882)
<b>Total Other Sources (Uses)</b>	(4,946,882)	29,419	36,500		4,880,963	
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	(3,797,980)		(47,185)	2,199	4,530,624	687,658
<b>Fund Balances - Beginning of year</b>	8,259,679		27,614	104,708	171	8,392,172
<b>Fund Balances - End of year</b>	\$ 4,461,699	\$	\$ (19,571)	\$ 106,907	\$ 4,530,795	\$ 9,079,830

**Whitehall Central School**  
**Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in**  
**Fund Balance to the Statement of Activities**  
**For the Year Ended June 30, 2019**

Statement #6

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
<b>REVENUES</b>					
Real property taxes	\$ 5,547,973				\$ 5,547,973
Other tax items	26,494				26,494
Charges for services	23,304				23,304
Use of money and property	187,847				187,847
Sale of property and compensation for loss	5,770				5,770
Miscellaneous	411,251				411,251
Interfund revenue					
State sources	10,019,090				10,019,090
Medicaid reimbursement					
Federal sources	975,400				975,400
Surplus food	31,926				31,926
Sales - school lunch	115,957				115,957
<b>Total Revenues</b>	<b>\$ 17,345,012</b>				<b>\$ 17,345,012</b>
<b>EXPENDITURES\EXPENSES</b>					
General support	\$ 2,168,227				\$ 2,168,227
Instruction	8,942,631		254,406		9,197,037
Pupil transportation	914,693				914,693
Community service	15,000				15,000
Employee benefits	3,732,107			309,153	4,041,260
Debt service	217,550			(180,000)	37,550
Cost of sales	290,386				290,386
Other expenditures	15,498				15,498
Culture and Recreation					
Depreciation - Unallocated			250,546		250,546
Capital outlay	361,262		(361,262)		
<b>Total Expenditures</b>	<b>16,657,354</b>		<b>143,690</b>	<b>129,153</b>	<b>16,930,197</b>
Excess (Deficiency) of Revenues Over Expenditures	687,658		(143,690)	(129,153)	414,815
<b>OTHER SOURCES AND USES</b>					
Proceeds from debt					
Operating transfers in	4,946,882			(4,946,882)	
Operating transfers (out)	(4,946,882)			4,946,882	
Total Other Sources (Uses)					
<b>Net Change for the Year</b>	<b>\$ 687,658</b>	<b>\$</b>	<b>\$ (143,690)</b>	<b>\$ (129,153)</b>	<b>\$ 414,815</b>

**Whitehall Central School  
Statement of Fiduciary Net Position  
June 30, 2019**

Statement #7

	Private Purpose Trusts	Agency
<b>ASSETS</b>		
Cash	\$ 406,232	\$ 199,395
Due From Other Funds		28
Total Assets	\$ 406,232	\$ 199,423
<b>LIABILITIES</b>		
Due to governmental funds	\$	\$
Extraclassroom activity balances		96,012
Other liabilities		103,411
Total Liabilities		\$ 199,423
<b>NET ASSETS</b>		
Reserved for scholarships	\$ 406,232	

**Whitehall Central School  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2019**

	Private Purpose Trusts
<b>ADDITIONS</b>	
Gifts and contributions	\$ 5,478
Investment earnings	8,401
Total Additions	13,879
<b>DEDUCTIONS</b>	
Scholarships and awards	7,000
Change in Net Position	6,879
Net Position - Beginning of year	399,353
Net Position - End of Year	\$ 406,232

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

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

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

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

A) Reporting entity:

The Whitehall Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

i) Extraclassroom Activity Funds

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

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

B) Joint venture:

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

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

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

During the year, the District was billed \$2,783,672 for BOCES administrative and program costs.

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

The District's share of BOCES aid amounted to \$435,388

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

C) Basis of presentation:

i) District-wide statements:

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



**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

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

ii) Fund financial statements:

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

The District reports the following major governmental funds:

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

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

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

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

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

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

The District reports the following fiduciary funds:

Fiduciary Funds

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

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

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

D) Measurement focus and basis of accounting:

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

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

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

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

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

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

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2018 and become a lien on September 1, 2018. Taxes are collected during the period September 4 to November 5, 2018.

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

F) Restricted resources:

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

G) Interfund transactions:

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

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

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

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

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

H) Estimates:

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

I) Cash (and cash equivalents)/Investments

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

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

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

Investments are stated at fair value.

J) Receivables ( or Account receivable):

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

K) Inventories and prepaid items:

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

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

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

A reserve for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L) Other assets/restricted assets:

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

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

M) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to July 01, 2003. For assets acquired prior to July 01, 2003, estimated historical costs, based on appraisals performed by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land/Site Improvements	\$ 5,000	S/L	20
Buildings & Improvements	5,000	S/L	50
Furniture and equipment	5,000	S/L	5-10
Vehicles	5,000	S/L	5-10
Infrastructure	5,000	S/L	20

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

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

N) Deferred Outflows and Inflows of Resources

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

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

O) Unearned revenue:

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

P) Vested employee benefits:

Compensated absences:

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

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

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

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

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

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

Q) Other benefits:

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

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

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

R) Short-term debt:

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

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

**Whitehall Central School District**  
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**For the Year Ended June 30, 2019**

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

S) Accrued liabilities and long-term obligations:

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

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

T) Net Position/Fund Balance:

Net Position Flow Assumption:

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

Fund Balance Flow Assumption:

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

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



**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

Order of Use of Fund Balance:

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

District-wide statements:

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

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

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

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

Fund Statements:

**Non-spendable fund balance** – 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 \$8,243 and overall fund deficit of \$19,571.

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

Capital Reserve

Capital Reserve (Educational Law §3651) is used to pay the cost of any objector purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be

**Whitehall Central School District**  
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**For the Year Ended June 30, 2019**

made from the reserve only from a specific purpose further authorized by the voters. The form for the required legal notice for the vote on the establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

**Repair Reserve**

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

**Unemployment Insurance Reserve**

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

**Tax Certiorari**

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

**Encumbrances**

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

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

**Employee Benefit Accrued Liability**

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

**Retirement Contributions**

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

**Restricted Fund Balance includes the following:**

General Fund	\$	0
Capital		700,000
Employee Benefit Accrued Liability		487,714
Repairs		325,624
Retirement ERS		1,321,306
Retirement - TRS		105,768
Tax Certiorari		126,177
Unemployment Insurance		43,811
Capital Fund*		0
Debt Service Fund*		0
Special Aid Fund*		0
School Lunch Fund*		0
		0
total restricted funds	\$	3,110,400

**Committed** – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2019.

**Assigned** – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$422,087. The district also designated funds to the subsequent year in the amount of \$300,000.

**Unassigned** – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific

**Whitehall Central School District**  
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**For the Year Ended June 30, 2019**

purposes for which amounts had been restricted or assigned. In accordance with state guidelines, unassigned fund balance in the general fund includes the following reserve:

Reserve for Tax Reduction

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

Unassigned Fund Balance:

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

U) New Accounting Standards

The District has adopted and implemented the following (all) current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2019:

GASB has issued Statement No. 83, Certain Asset Retirement Obligations	Effective for the year ending June 30, 2019
<i>GASB has issued statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements</i>	Effective for the year ending June 30, 2019

V) Future Changes in Accounting Standards

<i>GASB has issued statement No. 84, Fiduciary Activities</i>	Effective for the year ending June 30, 2020
<i>GASB has issued statement No. 87, Leases</i>	Effective for the year ending June 30, 2021
<i>GASB has issued statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period</i>	Effective for the year ending June 30, 2021
<i>GASB has issued statement No. 91, Conduct Debt Obligations</i>	Effective for the year ending June 30, 2022

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

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

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

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

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

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

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

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

i) Long-term revenue differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

iv) Pension differences:

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

v) OPEB difference:

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

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

For the fiscal year ended June 30, 2019, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment benefits Other Than Pensions*. The implementation of the statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. See note 27 for the financial statement impact of the implementation of the statement. Impact relates to the recording of Deferred Inflows and Outflows.

**Note 4 – Stewardship and compliance:**

Budgets

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

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

Appropriations are adopted at the program line item level.

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

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

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

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

**Encumbrances**

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

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

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

**Cash**

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

Uncollateralized	\$	0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$	9,820,550

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$9,214,923 within the governmental funds and \$605,627 in the fiduciary funds.

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

Investment and Deposit Policy

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

Interest Rate Risk

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

Credit Risk

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

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

Custodial Credit Risk

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

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



**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

**Note 6 – Investments:**

The District did participate in NYCLASS, which is a local government cooperative liquid asset security system. All assets are recorded at cost and considered to be cash, in agreement, pursuant to New York General Municipal Law Article 5-G, § 119-0, as of the year ended June 30, 2019.

**Note 7 – Receivables**

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

Description	Governmental Activities			Total
	General	School Lunch	Special Aid	
Accounts Receivable	\$ 281,636	\$ 0	\$ 0	\$ 281,636
Due from State and Federal	455,309	25,405	228,464	709,178
<b>Total</b>	<b>\$ 736,945</b>	<b>25,405</b>	<b>228,464</b>	<b>990,814</b>

District management has deemed the amounts to be fully collectible.

**Note 8 – Capital assets:**

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
<b>Governmental Activities:</b>				
<b>Capital Assets that are not depreciated:</b>				
Land	\$ 10,000	\$ 0	\$ 0	\$ 10,000
Construction	61,143	0	61,143	0
Total nondepreciable historical cost	71,143	0	61,143	10,000
<b>Capital Assets that are depreciated:</b>				
Buildings	\$ 14,117,891	\$ 66,928	\$ 0	\$ 14,184,819
Furniture and equipment	2,484,534	101,071	0	2,585,605
Total depreciable historical cost	16,602,425	167,999	0	16,770,424
<b>Less accumulated depreciation:</b>				
Buildings	\$ 6,623,441	\$ 0	\$ 0	\$ 6,866,876
Furniture and equipment	1,344,293	0	0	1,351,404
Total accumulated depreciation	7,967,734	250,546	0	8,218,280
 Total depreciable historical cost, net	 \$ 8,705,834	 \$ (82,547)	 \$ (61,143)	 \$ 8,562,144

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

Depreciation was charged to  
 Governmental functions as follows:  
 Depreciation not charged to a  
 Specific function

250,546
\$ 250,546

**Note 9 – Short-term debt:**

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

Interest paid	\$	0
Less: interest accrued in the prior year		0
Plus: interest accrued in the current year		0
 Total expense	 \$	 0

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

The district had no short-term debt to report

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

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

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

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government Activities:					
Bonds and notes payable:					
General obligation debt	\$ 1,380,000	\$ 0	\$ 180,000	\$ 1,200,000	\$ 185,000
Total bonds & notes payable	\$ 1,380,000	\$ 0	\$ 180,000	\$ 1,200,000	\$ 185,000

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

Other liabilities:										
Compensated absences	\$	424,997	\$	65,716	\$	0	\$	490,713	\$	0
Retirees health insurance		24,609,722		0		5,994,505		18,615,217		0
Net Pension Liability		172,313		219,170				391,483		
Total other liabilities		<u>25,207,032</u>		<u>284,886</u>		<u>5,994,505</u>		<u>19,497,413</u>		<u>0</u>
Total long-term liabilities	\$	<u>26,587,032</u>	\$	<u>284,886</u>	\$	<u>6,174,505</u>	\$	<u>20,697,413</u>	\$	<u>180,000</u>

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at Year end
\$1,670,000 Serial Bond	2/04/16	4/01/27	2.000 %	1,200,000
Total				\$ <u>1,200,000</u>

Fiscal year ended June 30,	Principal	Interest	Total
2020	185,000	34,850	219,850
2021	185,000	29,300	214,300
2022	185,000	25,600	210,600
2023	195,000	21,900	216,900
2024	105,000	18,000	123,000
2025-2029	345,000	28,000	373,000
2030-2034	0		
Total	\$ <u>1,200,000</u>	\$ <u>157,650</u>	\$ <u>1,357,650</u>

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

Interest paid	\$	37,550
Less: interest accrued in the prior year		0
Plus: interest accrued in the current year		<u>0</u>
Total expense	\$	<u>37,550</u>

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

**Note 11 – Pension plans:**

General Information:

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

Provisions and administration:

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

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

Funding Policies:

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

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

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

		NYSTRS		NYSERS
2019	\$	537,315	\$	187,434
2018	\$	565,940	\$	226,270
2017	\$	612,528	\$	227,930

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

The State Legislature authorized local governments to make available retirement incentive programs with estimated total costs of \$0, of which \$0 were charged to expenditures in the Governmental Funds in the current fiscal year.

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERED OUTFLOWS OF RESOURCES AND DEFERED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At June 30, 2019, 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, 2019 for ERS and June 30, 2018 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.

	ERS	TRS
Actuarial valuation date	31-Mar-19	30-Jun-18
Net pension asset/(liability)	(\$391,483)	\$570,562
District's portion of the Plan's total net pension asset/(liability)	0.0055253%	0.031553%

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

For the year ended June 30, 2019, the District's recognized pension expense of \$293,484 for ERS and the actuarial value \$431,708 for TRS. At June 30, 2019 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 77,091	\$ 426,376	\$ 26,280	\$ 77,233
Changes of assumptions	\$ 98,403	\$ 1,994,487	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ -	\$ 100,476	\$ 633,367
Changes in proportion and differences between the District's contributions and proportionate share of contributions	\$ 75,061	\$ 143,645	\$ -	\$ 240,794
District's contributions subsequent to the measurement date	\$ 58,347	\$ 630,755	\$ -	\$ -
<b>Total</b>	<b>\$ 308,902</b>	<b>\$ 3,195,263</b>	<b>\$ 126,756</b>	<b>\$ 951,394</b>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 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>
Year ended:		
2019	\$ -	\$ 560,791
2020	\$ 117,086	\$ 377,180
2021	\$ (56,215)	\$ 29,846
2022	\$ 6,423	\$ 375,835
2023	\$ 56,505	\$ 225,663
Thereafter	\$ -	\$ 43,801

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

ACTUARIAL ASSUMPTIONS

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2019	June 30, 2018
Actuarial valuation date	April 1, 2018	June 30, 2017
Interest rate	7.0%	7.25%
Salary scale	3.80%	1.90% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.50%	2.50%
Projected Cost of Living Adjustments	1.3% annually	1.5% annually

For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2017 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale AA. For ERS, annuitant mortality rates are based on the April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

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

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

<u>ERS</u>	<u>Target Allocation</u>	<u>Long-term expected Real rate of return*</u>
	<u>2019</u>	<u>2019</u>
Asset Class:		
Domestic equities	36%	4.55%
International equities	14	6.35
Private Equity	10	7.50
Real estate	10	5.55
Absolute return strategies	2	3.75
Opportunistic portfolio	3	5.68
Real assets	3	5.29
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation-Indexed bonds	<u>4</u>	1.25
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.5% for 2019.

<u>TRS</u>	<u>Target Allocation</u>	<u>Long-term expected Real rate of return*</u>
	<u>2019</u>	<u>2019</u>
Asset Class:		
Domestic equities	33%	5.9%
International equities	16	7.4
Real estate	11	4.3
Private equities	8	9.0
Total equities	<u>72</u>	
Domestic fixed income securities	16	1.3
Global fixed income securities	2	0.9
High-yield fixed income securities	1	3.5
Mortgages	7	2.8
Short-term	2	6.8
Total fixed income	<u>28</u>	
Total	<u>100%</u>	



**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset(liability) as of June 30,2019 calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.0% for ERS and 6.25% for TRS ) or 1-percentagepoint higher (8.0% for ERS and 8.25% for TRS) than the current rate :

ERS

	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Employer's proportionate share Of the net pension asset (liability)	\$(1,711,625)	\$ (391,483)	\$ 717,530

TRS

	1% Decrease <u>(6.25%)</u>	Current Assumption <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Employer's proportionate share Of the net pension asset (liability)	\$ (3,919,852)	\$ 570,562	\$ 4,332,280

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

**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:

Valuation date	(Dollars in Thousands)			
	<u>ERS</u>		<u>TRS</u>	<u>Total</u>
	March 31, 2019		June 30, 2018	
Employers' total pension	\$ (391,483)	\$	570,562	\$ 179,079
Plan Net Poition	\$ -	\$	-	\$ -
Employers' net pension	\$ (391,483)	\$	570,562	\$ 179,079

**PAYABLES TO THE PENSION PLAN**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$58,347.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 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, 2019 amounted to \$630,755.

**Note 12 – Interfund balances and activity:**

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 337,042	\$ 27,929	\$ 0	\$ 4,946,882
Special Aid Fund	27,909	294,448	29,419	0
Debt Service Fund	0	0	0	0
School Lunch Fund	0	42,594	36,500	0
Capital Fund	0	0	4,880,963	0
Total government activities	\$ 364,951	\$ 364,971	\$ 4,946,882	\$ 4,946,882
Fiduciary Agency Fund	\$ 20	\$ 0	\$ 0	\$ 0
Totals	\$ 364,971	\$ 364,971	\$ 4,946,882	\$ 4,946,882

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

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

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

A. General Information about the OPEB Plan

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

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

*Employees Covered by Benefit Terms* – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	82
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	101
	183

B. Total OPEB Liability

The District's total OPEB liability of \$18,615,217 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	3.90%
Discount Rate	3.60%
Healthcare Cost Trend Rates	8.0% for 2017, decreasing 0.5% per year to an ultimate rate of 5.5% for 2023 and later years
Retirees' Share of Benefit-Related Costs	Various, Dependent on collective bargaining agreements

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

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2018 – June 30, 2019.

C. Changes in the Total OPEB Liability

Balance at June 30, 2018	\$ <u>24,609,722</u>
<u>Changes for the Year-</u>	
Service Cost	716,793
Interest	883,903
Changes of benefit terms	0
Differences between expected and actual experience	(5,957,301)
Changes in assumptions or other inputs	(807,671)
Benefit payments	(830,499)
Net Changes	<u>(5,994,505)</u>
Balance at June 30, 2019	\$ <u>18,615,217</u>

Changes of benefit terms reflect.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.60% in 2018 to 3.87% in 2019.

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

	<u>1%</u> <u>Decrease</u>	<u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability	\$ <u>20,543,689</u>	\$ <u>18,615,217</u>	\$ <u>16,588,497</u>

*Sensitivity of the Total OPEB Liability to Change in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7%) or 1 percentage point higher (8%) than the current healthcare cost trend rate:

	<u>1% Decrease</u> <u>(starts at 7%)</u>	<u>Healthcare</u> <u>Trend Rate</u> <u>(starts at 8%)</u>	<u>1% Increase</u> <u>(starts at 9%)</u>
Total OPEB Liability	\$ <u>16,602,318</u>	\$ <u>18,615,217</u>	\$ <u>20,499,435</u>

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

**D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, the District recognized negative OPEB expense of \$7,459,881. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 0	\$ 5,957,031
Changes of assumptions or other inputs	507,739	0
Expected Benefit Payments subsequent to the measurement date	0	855,414
<b>Total</b>	<b>\$ 507,739</b>	<b>\$ 6,812,455</b>

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

<u>Fiscal Year Ending June 30, 2019</u>	<u>Amount</u>
2020	\$ 1,260,943
2021	1,260,943
2022	1,260,943
2023	1,260,943
2024+	1,260,944
	<b>\$ 6,304,716</b>

**Note 14 – Risk management:**

**General**

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

**Consortiums and Self Insured Plans**

The District participates in Washington, Saratoga, Warren, Hamilton, Essex Counties BOCES, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity

**Whitehall Central School District**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2019**

risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$0.

**Note 15 – Contingencies and commitments:**

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

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

The District had no lease obligations for the year ended June 30, 2019.

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

The District had no donor-restricted endowments for the year ended June 30, 2019.

**Note 18 – On-behalf-of payments:**

The District had no on-behalf-of payments for the year ended June 30, 2019.

**Note 19 – Tax abatements:**

The District had no tax abatements for the year ended June 30, 2019.

**Note 20 – Overpayments:**

The District had no overpayments for the year ended June 30, 2019.

**Note 21 – Related party transactions:**

The District had no related party transactions for the year ended June 30, 2019.

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

The District has no component units.

**Whitehall Central School District**  
Notes to Financial Statements  
For the Year Ended June 30, 2019

**Note 23 – Derivatives not reported at fair value on the Statement of Net Assets:**

The District had no derivatives for the year ended June 30, 2019.

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

The District had no impairment losses or insurance recoveries for the year ended June 30, 2019.

**Note 25- Subsequent events:**

The District has no subsequent events to disclose through September 30, 2019.

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

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

**Note 27 – Prior Period Adjustments:**

For the fiscal year ending June 30, 2019, there were no prior period adjustments recorded.

**Whitehall Central School**  
**Schedule of Funding Progress - Other Post Employment Benefits**  
**For the Year Ended June 30, 2019**

	<u>2019</u>
Measurement Date	July, 1 2018
Total OPEB Liability	18,615,217
Service Cost	\$ 716,793
Interest	883,903
Changes in benefit terms	-
Difference between expected and actual experience in the measurement of the total OPEB liability	(5,957,031)
Changes of assumptions or other inputs	(807,671)
Benefit payments	<u>(830,499)</u>
Net Change in total OPEB liability	(5,994,505)
Total OPEB liability - beginning	<u>24,609,722</u>
Total OPEB liability - ending	<u>\$ 18,615,217</u>
Covered payroll	<u>\$ 7,250,730</u>
Total OPEB liability as a percentage of covered payroll	256.74%



Whitehall Central School  
Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund  
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)		Final Budget Variance With Budgetary Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Real property taxes	5,546,289	5,546,289	5,547,973	\$	1,684
Other tax items					0
Nonproperty taxes	19,387	19,387	26,494		7,107
Charges for services	5,200	5,200	23,304		18,104
Use of money and property	10,000	10,000	174,725		164,725
Sale of property and compensation for loss	100		5,770		5,770
Miscellaneous	52,000	52,000	396,170		344,170
Interfund revenues					0
Total Local Sources	<u>5,632,976</u>	<u>5,632,876</u>	<u>6,174,436</u>		<u>541,560</u>
<b>State Sources</b>	10,159,624	10,159,624	9,828,449		(331,175)
Medicaid Reimbursement					0
Federal Sources	58,500	58,500	73,738		15,238
Retirement System Credits					0
Total Revenues	<u>15,851,100</u>	<u>15,851,000</u>	<u>16,076,623</u>		<u>225,623</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds					0
Total Reserves and other financing sources	<u>\$ 15,851,100</u>	<u>\$ 15,851,000</u>	<u>\$ 16,076,623</u>	\$	<u>225,623</u>
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of education	18,721	17,632	12,221	1,900	\$ 3,511
Central administration	224,249	226,181	222,727		3,454
Finance	239,529	250,923	242,386		8,537
Staff	57,544	64,294	22,166	4,237	37,891
Central services	1,195,358	1,333,603	1,087,375	169,420	76,808
Special items	167,737	169,184	167,539		1,645
Total General Support	<u>1,903,138</u>	<u>2,061,817</u>	<u>1,754,414</u>	<u>175,557</u>	<u>131,846</u>
<b>Instruction</b>					
Instruction, administration and improvement	546,233	537,388	487,426		0
Teaching - regular school	3,676,136	3,513,210	3,275,833	12	237,365
Programs for children with handicapping conditions	3,683,513	3,669,212	3,570,765	2,038	96,409
Occupational education					0
Teaching - special school	73,700	73,700	10,393		63,307
Instructional media	406,813	527,548	444,734		82,814
Pupil services	735,654	777,241	689,744	15,259	72,238
Total Instructional	<u>9,122,049</u>	<u>9,098,299</u>	<u>8,478,895</u>	<u>17,309</u>	<u>602,095</u>
Pupil Transportation	850,081	1,228,606	914,693	229,222	84,691
Culture and Recreation					
Community Services	20,488	19,725	15,000		4,725
Employee Benefits	4,345,294	4,020,103	3,547,169		472,934
Debt Service	217,550	217,550	217,550		
Total Expenditures	<u>16,458,600</u>	<u>16,646,100</u>	<u>14,927,721</u>	<u>422,088</u>	<u>1,296,291</u>
<b>OTHER FINANCING USES</b>					
Transfers to other funds	60,500	4,946,882	4,946,882		0
Total Expenditures and Other Uses	<u>16,519,100</u>	<u>21,592,982</u>	<u>19,874,603</u>	<u>422,088</u>	<u>1,296,291</u>
Net change in fund balances	(668,000)	(5,741,982)	(3,797,980)		
Fund Balance - beginning	8,259,679	8,259,679	8,259,679		
Fund Balance - ending	<u>\$ 7,591,679</u>	<u>\$ 2,517,697</u>	<u>\$ 4,461,699</u>		

**Whitehall Central School**  
**Schedule of Change from Adopted Budget to Final Budget**  
**And the Real Property Tax Limit**  
**For the Year Ended June 30, 2019**

**CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET**

Adopted Budget	\$ 16,519,099
Add: Prior year's encumbrances	<u>192,919</u>
Original Budget	16,712,018
Budget Revision,	<u>4,880,964</u>
Final Budget	\$ <u><u>21,592,982</u></u>

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

2019-20 Voter approved expenditure budget	<u>18,894,365</u>	
Maximum allowed (4% of 2019-20 budget)		\$ <u>755,775</u>

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

Total Fund Balance	<u>4,461,699</u>
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Less:

Restricted fund balance	3,110,400
Assigned fund balance	
Appropriated fund balance	300,000
Encumbrances included in committed and assigned fund balance	<u>422,087</u>
Total adjustments	\$ <u>3,832,487</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ <u><u>629,212</u></u>
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Actual percentage	3.3302 %
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Whitehall Central School  
 Schedule of Project Expenditures-Capital Projects Fund  
 For the Year Ended June 30, 2019

PROJECT TITLE	Expenditures			Methods of Financing			Fund Balance June 30, 2019				
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance		Proceeds of Obligations	State Aid	Local Sources	Total
Capital Project #1	16,592,061	16,592,061	0	361,262	361,262	16,230,799			4,880,963	4,880,963	4,519,701
16,592,061 Building Project	16,592,061	16,592,061	0	361,262	361,262	16,230,799	0	0	4,880,963	4,880,963	4,519,701
Capital Project #2	0	0	0	0	0	0	0	0	0	0	0
Fund Balance from prior projects											11,094
Total	16,592,061	16,592,061	0	361,262	361,262	16,230,799	0	0	4,880,963	4,880,963	4,530,795

**Whitehall Central School**  
**Combined Balance Sheet - Non-Major Governmental Funds**  
**June 30, 2019**

Supplementary Schedule #5

	<u>Special Aid</u>	<u>School Lunch</u>	<u>Total</u>
<b>Assets</b>			
Unrestricted Cash	\$ <u>39,340</u>	\$ <u>2,005</u>	\$ <u>41,345</u>
Restricted Cash	<u>          </u>	<u>          </u>	<u>          </u>
Unrestricted Investments	<u>          </u>	<u>          </u>	<u>          </u>
Restricted Investments	<u>          </u>	<u>          </u>	<u>          </u>
State and Federal Aid Receivable	<u>228,464</u>	<u>25,405</u>	<u>253,869</u>
Due from Other Governments	<u>          </u>	<u>          </u>	<u>          </u>
Other Receivables, Net	<u>0</u>	<u>          </u>	<u>0</u>
Due from Other Funds	<u>27,909</u>	<u>          </u>	<u>27,909</u>
Due from fiduciary funds	<u>          </u>	<u>          </u>	<u>          </u>
Inventories	<u>          </u>	<u>8,243</u>	<u>8,243</u>
Deferred Expenditures	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	\$ <u><u>295,713</u></u>	\$ <u><u>35,653</u></u>	\$ <u><u>331,366</u></u>
<b>Liabilities</b>			
Accounts Payable	\$ <u>398</u>	\$ <u>7,896</u>	\$ <u>8,294</u>
Accrued Liabilities	<u>867</u>	<u>4,346</u>	<u>5,213</u>
Due to Other Governments	<u>          </u>	<u>388</u>	<u>388</u>
Due to fiduciary funds	<u>          </u>	<u>          </u>	<u>          </u>
Due to Other Funds	<u>294,448</u>	<u>42,594</u>	<u>337,042</u>
Retainage Payable	<u>          </u>	<u>          </u>	<u>          </u>
Due to Teachers' Retirement System	<u>          </u>	<u>          </u>	<u>          </u>
Due to Employees' Retirement System	<u>          </u>	<u>          </u>	<u>          </u>
Other Liabilities	<u>          </u>	<u>          </u>	<u>          </u>
Overpayments and Collections	<u>          </u>	<u>          </u>	<u>          </u>
Deferred Revenues	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	\$ <u><u>295,713</u></u>	\$ <u><u>55,224</u></u>	\$ <u><u>350,937</u></u>
<b>Fund Balances</b>			
Reserved for Encumbrances	\$ <u>          </u>	<u>1,367</u>	<u>1,367</u>
Reserved Other (Inventory)	<u>          </u>	<u>8,243</u>	<u>8,243</u>
Unreserved - Designated for Subsequent Year's Expenditures	<u>          </u>	<u>          </u>	<u>          </u>
Unreserved - Undesignated	<u>          </u>	<u>(29,181)</u>	<u>(29,181)</u>
Total Fund Balances	\$ <u><u>          </u></u>	<u><u>(19,571)</u></u>	<u><u>(19,571)</u></u>
Total Liabilities and Fund Balances	\$ <u><u>295,713</u></u>	\$ <u><u>35,653</u></u>	\$ <u><u>331,366</u></u>

**Whitehall Central School**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances-**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

Supplementary Schedule #6

	<u>Special Aid</u>	<u>School Lunch</u>	<u>Total</u>
<b>Revenues</b>			
Charges for Services	\$ _____	\$ _____	\$ _____
Use of Money and Property	_____	0	0
Sale of Property and Compensation for Loss	_____	_____	_____
Interfund revenue	_____	_____	_____
Miscellaneous	_____	15,081	15,081
State Sources	181,477	9,164	190,641
Federal Sources	630,396	271,266	901,662
Medicaid Reimbursement	_____	_____	_____
Surplus Food	_____	31,926	31,926
Sales	_____	115,957	115,957
<b>Total Revenues</b>	<b>811,873</b>	<b>443,394</b>	<b>1,255,267</b>
<b>Expenditures</b>			
General Support	192,616	221,195	413,811
Instruction	463,738	_____	463,738
Pupil Transportation	_____	_____	_____
Community Services	_____	_____	_____
Employee Benefits	184,938	0	184,938
Debt service	_____	_____	_____
Cost of Sales	_____	196,523	196,523
Other Expenses	_____	109,361	109,361
Capital Outlay	_____	_____	_____
<b>Total Expenditures</b>	<b>841,292</b>	<b>527,079</b>	<b>1,368,371</b>
Excess (Deficiency) Revenues Over Expenditures	(29,419)	(83,685)	(113,104)
<b>Other Sources and Uses</b>			
Proceeds from debt	_____	_____	_____
Operating Transfers In	29,419	36,500	65,919
Operating Transfers (Out)	_____	0	_____
<b>Total Other Sources and Uses</b>	<b>29,419</b>	<b>36,500</b>	<b>65,919</b>
Excess (Deficiency) Revenues and Other Sources Over Expenditures and Other Uses	_____	(47,185)	(47,185)
Fund Balances, Beginning of Year	_____	27,614	27,614
Fund Balances, End of Year	\$ _____	\$ (19,571)	\$ (19,571)

**Whitehall Central School**      **Supplementary Schedule #7**  
**Investments in Capital Assets, Net of Related Debt**  
**For the Year Ended June 30, 2019**

Capital Assets, net		\$	<u>8,562,144</u>
Add:			
Unamortized bond issuance costs	\$	_____	
Discount on bonds payable		_____	
Other(list)		_____	_____
Deduct:			
Bond anticipation notes		_____	
Premium on bonds payable		_____	
Short-term portion of bonds payable		<u>185,000</u>	
Long-term portion of bonds payable		<u>1,015,000</u>	
Less: unspent bond preceeds		_____	
Short-term portion of capital leases		_____	
Long-term portion of capital leases		_____	
Other short of long-term debt related to capital assets		_____	
Other (list)		_____	<u>1,200,000</u>
Investment in capital assets, net of related debt		\$	<u><u>7,362,144</u></u>

Whitehall Central School  
 Schedule of District Contributions  
 For the year ended June 30, 2019

*Teachers' Retirement System*

	<u>2019</u>
Contractually required contribution	503,684
Contributions in relation to the contractually required contributions	<u>503,684</u>
Contribution deficiency (excess)	<u>-</u>
District's covered payroll	<u>5,294,333</u>
Contributions as a percentage of covered-employee payroll	<u>9.51%</u>

*Employees' Retirement System*

	<u>2019</u>
Contractually required contribution	224,968
Contributions in relation to the contractually required contributions	<u>224,968</u>
Contribution deficiency (excess)	<u>-</u>
District's covered payroll	<u>1,566,090</u>
Contributions as a percentage of covered payroll	<u>14.36%</u>

**Whitehall Central School**  
**Schedule of District's Proportionate Share of the Net Pension Liability**  
**For the year ended June 30, 2019**

***Teachers' Retirement System***

	2019
District's proportion of the net pension liability	0.0315530%
District's proportionate share of the net pension asset (liability)	570,562
District's covered payroll	5,294,333
District's proportionate share of the net pension liability as a percentage of its covered payroll	10.78%
Plan fiduciary net position as a percentage of the total pension liability	100.00%

***Employees' Retirement System***

	2019
District's proportion of the net pension liability	0.0055253%
District's proportionate share of the net pension asset (liability)	(391,483)
District's covered payroll	1,566,090
District's proportionate share of the net pension liability as a percentage of its covered payroll	-25.00%
Plan fiduciary net position as a percentage of the total pension liability	100.00%



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The Board of Education  
Whitehall Central School District

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the government activities and each major fund of Whitehall Central School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 30, 2019.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limita-

tions, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

September 30, 2019

*Jenkins, Beecher, & Bethel, LLP*

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

### Report on Compliance for Each Major Federal Program

We have audited the Whitehall Central School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

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

### **Opinion on Each Major Federal Program**

In our opinion, Whitehall Central School District 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, 2019.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control 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. Misstatement of the entity's financial statements 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and not designed to identify all deficiencies in internal control over compliance that 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

September 30, 2019

*Jenkins, Beecher, & Bethel, LLP*

**Whitehall Central School**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture</b>			
<b>Passed Through State Department Education</b>			
Child Nutrition Cluster			
Cash Assistance			
National School Lunch	10.555	N/A	\$ 204,502
National School Breakfast	10.553	N/A	66,764
Non Cash Assistance			
U.S.D.A. Surplus Food	10.550	N/A	<u>31,926</u>
<b>Total Passed-through NYS Education Department</b>			<b>A <u>303,192</u></b>
<b>U.S. Department of Education</b>			
<b>Passed Through State Department of Education</b>			
Special Education Cluster:			
IDEA PART B, SECTION 611	84.027A	0032-19-1028	186,487
IDEA PART B, SECTION 619	84.173A	0033-19-1028	5,755
<b>Total Special Education Cluster</b>			<b>A <u>192,242</u></b>
TITLE 1, SCHOOL IMPROVEMENT, PRIOR	84.010A	0021-18-2579	20,000
TITLE 11A, PRIOR YEAR	84.367A	0147-18-3654	16,966
TITLE VI, PRIOR YEAR	84.358B	0006-18-3540	14,271
TITLE 1-PT A-IMPROV ACAD	84.010A	0021-19-3540	336,506
TITLE 11A	84.367A	0147-19-3540	15,763
TITLE IVA	844.24A	0204-19-3540	21,704
TITLE V, RURAL & LOW INCOME	84.010A	0006-19-3540	12,944
<b>Total, U.S. Department of Education</b>			<b>A <u>438,154</u></b>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<b>\$ <u><u>933,588</u></u></b>

A - Audited as a Major Program

**Whitehall Central School**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ending June 30, 2019**

**Note 1 - Summary of significant accounting policies:**

The accompanying schedule of expenditures of federal awards presents the activity of federal award program administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

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

**Note 2 – Subrecipients:**

No amounts were provided to subrecipients.

**Note 3 – Other Disclosures:**

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

**Whitehall Central School  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019**

**Section I – Summary of Auditor’s Results**

***Financial Statements:***

Type of auditor’s report issued: unmodified

Internal control over financial reporting:

- Material weakness (es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness (es)? None Reported

Noncompliance material to financial statements noted? No

***Federal Awards:***

Internal Control over major programs:

- Material weakness (es) identified? No
- Reportable condition(s) identified that are not considered to be material weaknesses? None Reported

Type of auditor’s report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of Circular A-133? No

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
National School Lunch	10.555
National School Breakfast	10.553
Surplus Food	10.550
IDEA, Part B, Sec 611	84.027A
IDEA, Part B, Sec 619	84.367A
Title 1, School Imp Prior Year	84.010A
Title 11a, Prior Year	84.367A
Title 1, PT A-Improv Acad	84.010A
Title V, Rural & Low Income	84.010A
Title 11a	84.367A
Title IV	84.010A

**Whitehall Central School  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low risk?	Yes

Section II – Financial Statement Findings

None noted in 2019.

Section III – Federal Findings

None noted in 2019.

There were no findings in the prior year ended June 30, 2018.



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## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
Whitehall Central School District

### Report on the Financial Statements

We have audited the accompanying financial statements of the Whitehall Central School District Extraclassroom Activity Funds which comprise the cash and fund balances resulting from cash transactions, and the related statement of cash receipts and cash disbursements as of June 30, 2019 of the Whitehall Central School District's Extraclassroom Activity Funds for the year ended June 30, 2019, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

In our opinion, the financial statements referred to above presents fairly, in all material respects, the cash and fund balances resulting from cash transactions of the Extraclassroom Activity Funds, of the Whitehall Central School District for the year ended June 30, 2019, and the cash receipts and cash disbursements for the year then ended, on the basis of accounting described in Note 1.

September 30, 2019

*Jenkins, Beecher, & Bethel, LLP*

Whitehall Central School  
 Extraclassroom Activity Funds  
 Cash Receipts and Cash Disbursements  
 June 30, 2019

<u>Activities</u>	<u>Balance June 30, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2019</u>
Class of 2018	658.22	0.00	658.22	0.00
Class of 2019	5,584.33	4,418.91	10,003.24	0.00
Class of 2020	14,910.48	12,424.46	18,775.80	8,559.14
Class of 2021	16,121.41	11,737.94	5,584.97	22,274.38
Class of 2022	5,138.50	7,315.00	371.26	12,082.24
Class of 2023	3,116.25	6,864.42	3,983.41	5,997.26
Class of 2024	0.00	1,255.00	0.00	1,255.00
Classbook	11,983.38	6,817.68	6,352.08	12,448.98
Student Council	7,046.08	2,103.69	1,460.54	7,689.23
Band Account	4,554.88	5,388.50	8,670.76	1,272.62
Natl. Sr. Honor Soc.	1,152.34	294.50	920.03	526.81
National Junior Honor	1,346.97	1,588.50	1,261.90	1,673.57
National English Honor Soc.	825.01	0.00	107.14	717.87
Vocal Club	1,438.62	2,994.50	3,027.86	1,405.26
Drama Club	4,216.43	9,607.36	8,839.06	4,984.73
SADD Club	112.19	20.00	24.61	107.58
Excelsior Club	13,347.22	2,917.50	3,276.73	12,987.99
RAVE	318.59	0.00	90.00	228.59
Interest Account	(71.81)	71.81	0.00	0.00
Horizons Club	191.42	21,663.14	21,435.17	419.39
Assembly Club	875.17	3,357.75	2,851.25	1,381.67
Totals	<u>\$ 92,865.68</u>	<u>\$ 100,840.66</u>	<u>\$ 97,694.03</u>	<u>\$ 96,012.31</u>

Whitehall Central School District  
Extraclassroom Activity Funds  
Note to Financial Statements

June 30, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

**Reporting Entity**

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

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

**Cash**

The District's cash consist of cash on hand and demand deposits. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, and obligations of New York State or its localities.

Demand deposits at year-end were entirely covered by FDIC. At June 30, 2019, demand deposits are entirely composed of cash on hand and demand deposit accounts. All deposits are carried at cost, which equals market.

**Equity Classifications-Fund Balance**

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

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## REPORT TO THE BOARD

The Board of Education  
Whitehall Central School District  
Whitehall, NY 12887

We have audited the financial statements of Whitehall Central School District (the "District") for the year ended June 30, 2019, and have issued our report thereon dated September 30, 2019. Professional standards require that we provide you with the following information related to our audit.

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

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

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

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with

those provisions was not an objective of our audit. Also, in accordance with OMB Compliance Supplement, we examined, on a test basis, evidence about the District's compliance with the types of compliance requirements issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide legal determination on the District's compliance with those requirements.

### Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2019. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### Accounting Estimates

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

### Audit Adjustments

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

There were no unrecorded proposed adjustments.

### Disagreements with Management

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

### Consultations with Other Independent Accountants

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

### Issues Discussed Prior to Retention of Independent Auditor

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

### Difficulties Encountered in Performing the Audit

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

### Comments and Recommendations –

#### **School Lunch Fund - Fund Deficit**

As shown in Statement #5 on page 17, the school lunch fund had a year end fund balance deficit of \$19,571. Current year operations had a deficit of \$47,185. We recommend that the district evaluate pricing of meals and costs of running the program in order to bring it back into a positive operating position.

### **Extraclassroom Activity Funds Audit**

We completed our audit of the Extraclassroom Activity Funds as required under Section 172.3(d) of the Regulations of the Commissioner of Education. We have prepared a separate report on this audit which is bound with the district's annual report.

There were no findings to report as a result of the audit of the extraclassroom activity funds.

We appreciate this opportunity to be of service to Whitehall Central School District. We would like to thank Mrs. Kate DuBois and all of the staff for the cooperation and courtesy extended to us during our audit.

September 30, 2019

*Jenkins, Beecher, & Bethel, LLP*