

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**COLD SPRING HARBOR, NEW YORK**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**TABLE OF CONTENTS**

	<u>PAGE</u>
Independent Auditor's Report On Financial Statements And Supplementary Information	1
Required Supplementary Information: Management's Discussion And Analysis ("MD&A")	3
Basic Financial Statements:	
District-Wide Financial Statements -	
Statement Of Net Position	14
Statement Of Activities and Changes In Net Position	15
Fund Financial Statements -	
Balance Sheet - Governmental Funds	16
Reconciliation Of Governmental Funds Balance Sheet To The Statement Of Net Position	17
Fund Financial Statements -	
Statement Of Revenues, Expenditures And Changes In Fund Balance - Governmental Funds	18
Reconciliation Of Governmental Funds Statement Of Revenues, Expenditures And Changes In Fund Balance To The Statement Of Activities	19
Fund Financial Statements -	
Statement Of Fiduciary Net Position - Fiduciary Funds	20
Statement Of Changes In Fiduciary Net Position - Fiduciary Funds	21
Notes To Financial Statements	22
Required Supplementary Information Other Than MD&A:	
General Fund -	
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual	50
Schedule Of Funding Progress For The Retiree Health Plan	51
Schedule Of District's Proportionate Share Of The Net Pension Liability - NYSERS	52
Schedule Of District's Proportionate Share Of The Net Pension Asset - NYSTRS	53
Schedule Of District Pension Contributions - NYSERS	54
Schedule Of District Pension Contributions - NYSTRS	55
Other Supplementary Information:	
General Fund -	
Schedule Of Change From Adopted Budget To Final Budget And The Real Property Tax Limit	56
Capital Projects Fund -	
Schedule Of Project Expenditures And Financing Sources	57
Net Investment In Capital Assets	58
Extraclassroom Activity Funds	59
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 <i>Government Auditing Standards</i>	64
Schedule Of Findings And Recommendations	66



**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**  
**ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

To the Board of Education of the  
Cold Spring Harbor Central School District  
Cold Spring Harbor, New York:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund and fiduciary funds of the Cold Spring Harbor Central School District (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and fiduciary funds of the Cold Spring Harbor Central School District, as of June 30, 2015, 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.

# NawrockiSmith

## ***Change in Accounting Principle***

As discussed in Note 3, as well as management's discussion and analysis ("MD&A"), in 2015, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The adoption of this statement resulted in a prior-period adjustment. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, on pages 3-13 and 50-55 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other 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 other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the New York State Education Department.

The other supplementary information 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2015, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Melville, New York  
August 18, 2015



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

The following is a discussion and analysis of the Cold Spring Harbor Central School District's (the "District") financial performance for the year ended June 30, 2015. 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 District-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**

- Revenues increased by 1.4% as a result of increased real property taxes offset by decreased charges for services. Expenses decreased by 2.2% as a result of reduced instructional expenses;
- The District continued to offer all programs, without reducing services, while maintaining adequate fund balances;
- The District funded the Capital Reserve with a current appropriation of \$2,000,000 to the Reserve.
- As described in Note 3 to the financial statements, "Change in Accounting Principle", the District has adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for contributions Made Subsequent to the Measurement date, for the year ended June 30, 2015. The adoption of this principle resulted in a restatement of the District's opening net position as of July 1, 2014 in the amount of \$3,448,154, as indicated in Note 17 to the financial statements. Prior year balances reflected in MD&A have been updated, for comparison purposes, to reflect the change where indicated.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other 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 *governmental fund financial 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.
- The *fiduciary fund financial 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.

Table A-1 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 management's discussion and analysis highlights the structure and contents of each of the statements.

<b>Table A-1: Major Features of the District-Wide and Fund Financial Statements</b>			
	District-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activity monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities and Changes in Net Position</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</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/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow 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 Financial Statements**

The District-wide financial 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, deferred outflows of resources, liabilities and deferred inflows of resources. 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 financial statements report the District's *net position* and how it has changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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 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 financial statements, reconciliations of the District-wide and governmental funds financial statements are provided which explain 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 funds and 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 DISTRICT AS A WHOLE

The District's net position increased by 86.0% from the year before to a net position balance of \$6,894,630, as detailed in Tables A-2 and A-3.

The restricted net position balance of \$9,271,346 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2015, the District has an unrestricted net deficit position of \$19,120,920. This deficit is primarily driven by the District's required recognition of its obligation for post-employment benefits which currently totals \$32,199,742. This obligation will continue to grow into the future (see Note 12 to the accompanying financial statements) resulting in a greater unrestricted net deficit position.

**Table A-2: Condensed Statements of Net Position - Governmental Activities**

	<u>6/30/15</u>	<u>6/30/14</u>	<u>% Change</u>
Current and other assets	\$ 21,939,660	\$ 21,895,277	0.2
Noncurrent assets and capital assets, net	<u>58,590,348</u>	<u>40,878,600</u>	43.3
Total assets	80,530,008	62,773,877	28.3
Deferred outflows	<u>4,481,732</u>	<u>3,037,942</u>	47.5
Total assets and deferred outflows	<u>\$ 85,011,740</u>	<u>\$ 65,811,819</u>	29.2
Current liabilities	\$ 8,851,173	\$ 8,349,915	6.0
Long-term liabilities	<u>56,118,679</u>	<u>52,425,484</u>	7.0
Total liabilities	64,969,852	60,775,399	6.9
Deferred inflows	<u>13,147,258</u>	<u>1,329,007</u>	889.3
Total liabilities and deferred inflows	<u>\$ 78,117,110</u>	<u>\$ 62,104,406</u>	25.8
Net position:			
Net investment in capital assets	\$ 16,744,204	\$ 14,685,793	14.0
Restricted	9,271,346	9,599,494	(3.4)
Unrestricted (deficit)	<u>(19,120,920)</u>	<u>(20,577,874)</u>	(7.1)
Total net position	<u>\$ 6,894,630</u>	<u>\$ 3,707,413</u>	86.0

As of June 30, 2015, the District had positive working capital of \$13,088,487 as compared to \$13,545,362 as of June 30, 2014. The decrease is primarily due to an increase in due to teachers' retirement system of approximately \$400,000.



As of June 30, 2015, the District had an investment in capital assets of \$39,431,724 as compared to \$39,734,200. The decrease is due to depreciation charges offset by the current year outlay for ongoing capital projects.

Long-term liabilities increased \$3,693,195 primarily due to the continued recognition of the other-post employment benefits obligation liability, with a current year charge of \$5,178,921, offset by a decrease in bonds payable of \$2,178,398.

**Changes in Net Position**

The District's fiscal year 2015 revenues totaled \$63,558,924 (See Table A-3). Property and other taxes and State sources accounted for most of the District's revenue by contributing 89 cents and 5 cents, respectively, of every dollar raised (See Table A-4). The remainder came from other tax items, charges for services, operating grants, miscellaneous, and use of money and property.

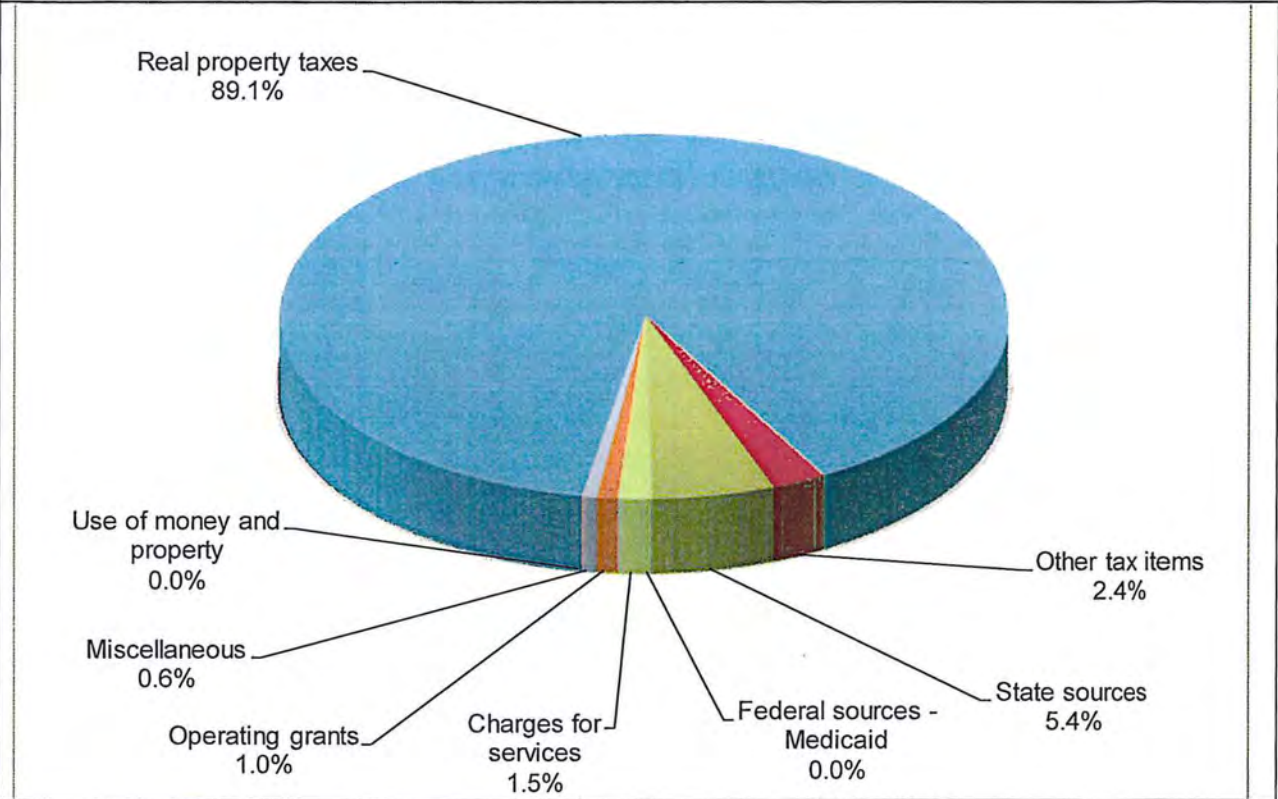
Revenues increased 1.4% or \$905,895, primarily as a direct result of an increase in real property taxes of \$1,216,173 (based on assessed valuation), offset by a decrease in miscellaneous revenues of \$321,183.

The District's fiscal year 2015 expenses totaled \$60,371,707 (See Table A-3). These expenses (83 percent) are predominantly related to instruction and transporting students (See Table A-6). The District's administrative and business activities accounted for 14 percent of total costs.

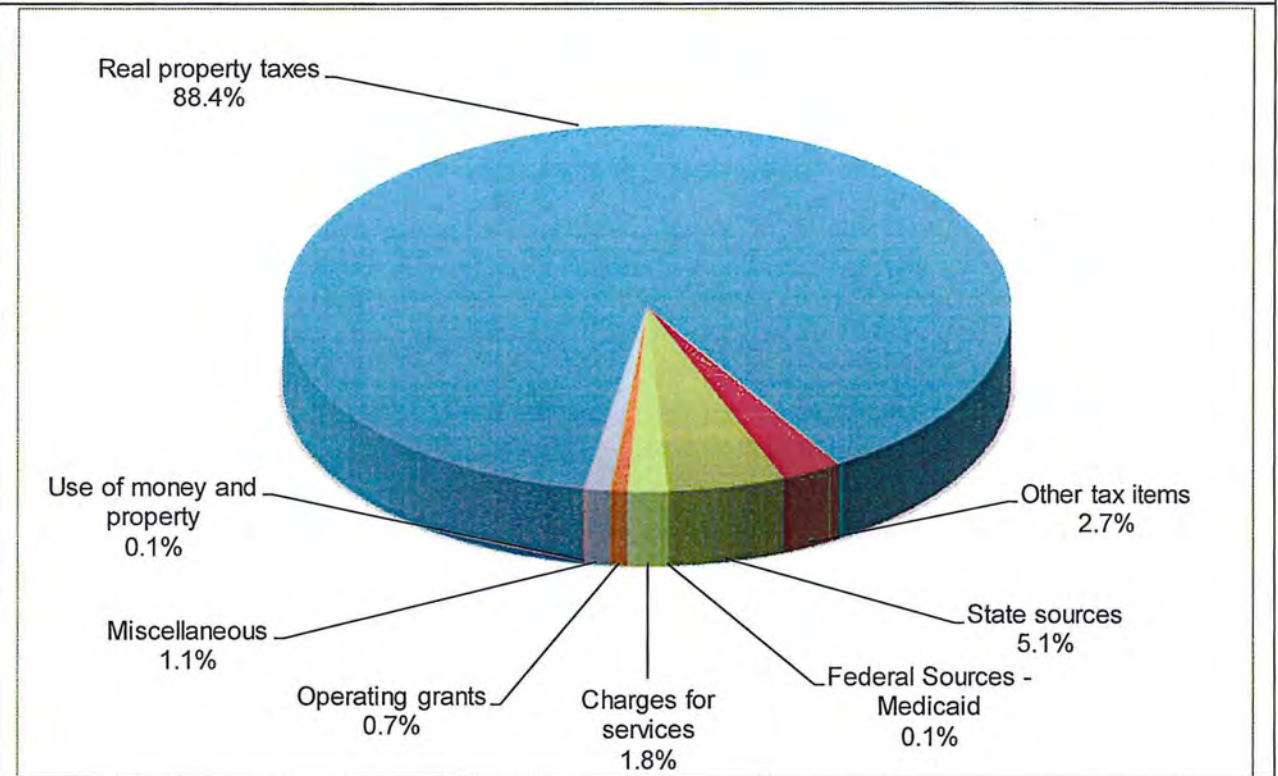
**Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only**

	<u>6/30/15</u>	<u>6/30/14</u>	<u>% Change</u>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 922,816	\$ 1,112,588	(17.1)
Operating grants	609,154	461,868	31.9
General revenues:			
Real property taxes	56,604,125	55,387,952	2.2
Other tax items	1,556,639	1,712,074	(9.1)
Use of money and property	20,520	27,867	(26.4)
State sources	3,437,674	3,225,524	6.6
Federal sources - Medicaid	11,629	7,606	52.9
Miscellaneous	396,367	717,550	(44.8)
Total revenues	<u>63,558,924</u>	<u>62,653,029</u>	1.4
<b>Expenses</b>			
General support	8,748,977	8,978,323	(2.6)
Instruction	46,063,274	47,008,946	(2.0)
Pupil transportation	3,914,037	4,035,256	(3.0)
Community services	-	555	(100.0)
Debt service - interest	823,810	888,221	(7.3)
School lunch program	821,609	800,874	2.6
Total expenses	<u>60,371,707</u>	<u>61,712,175</u>	(2.2)
Increase in net position	<u>\$ 3,187,217</u>	<u>\$ 940,854</u>	238.8

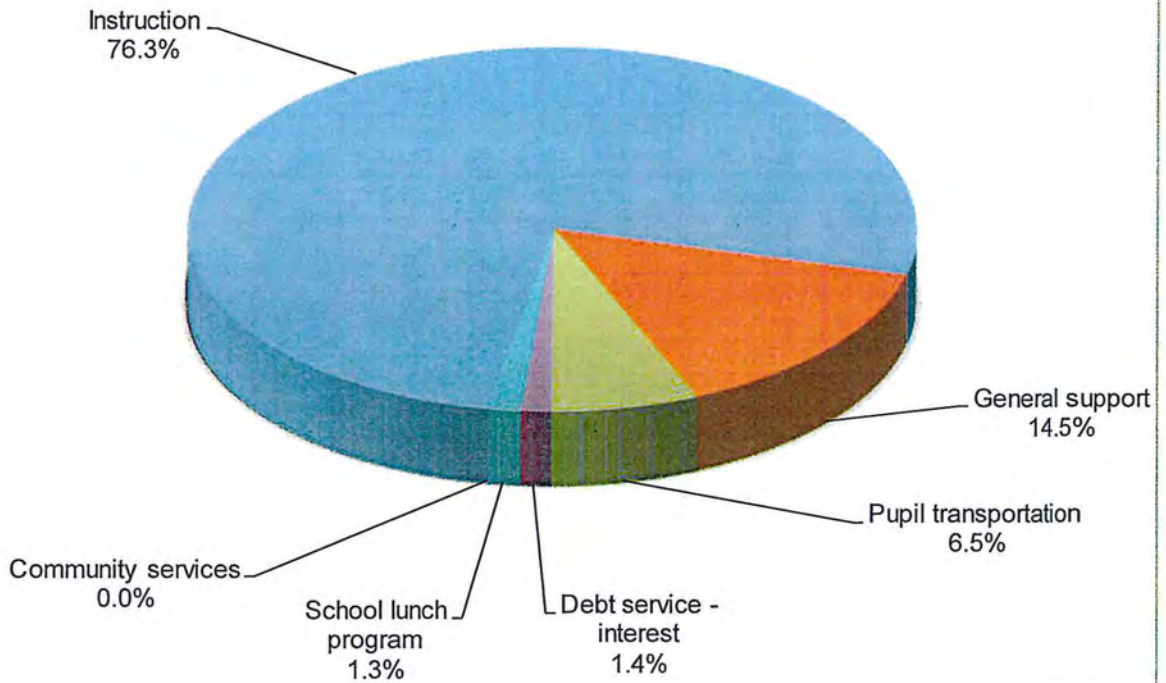
**Table A-4: Sources of Revenues for Fiscal Year 2015**



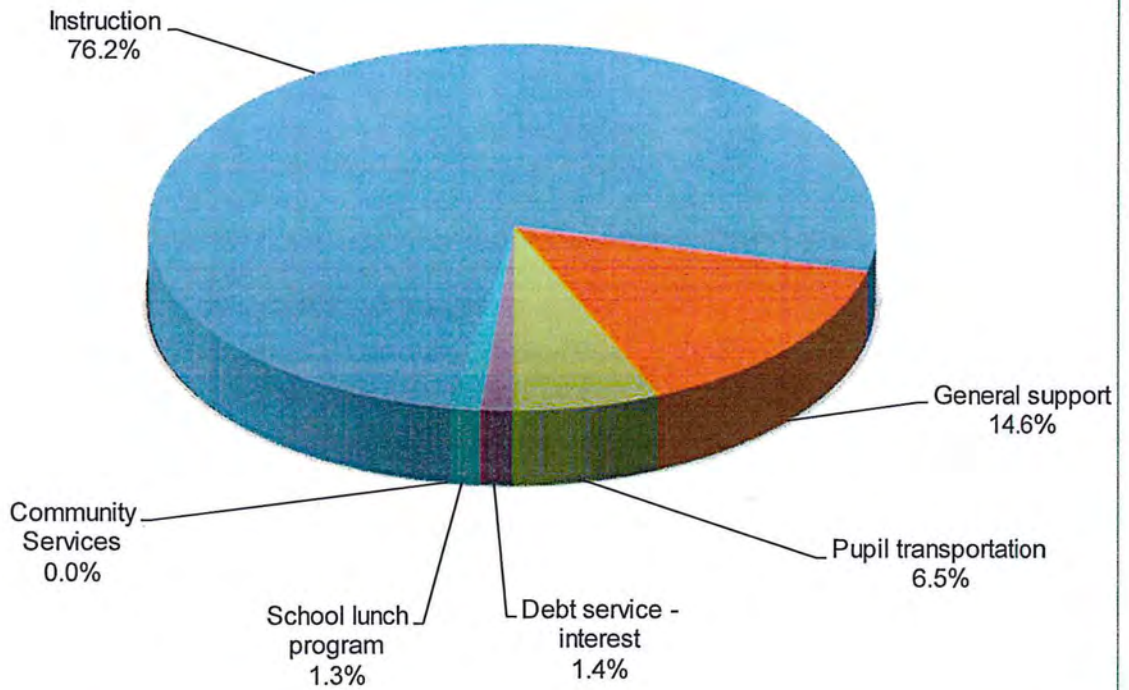
**Table A-5: Sources of Revenues for Fiscal Year 2014**



**Table A-6: Expenses for Fiscal Year 2015**



**Table A-7: Expenses for Fiscal Year 2014**



**Governmental Activities**

Revenues for the District's governmental activities totaled \$63,558,924 while total expenses were \$60,371,707. Therefore, the increase in net position for governmental activities was \$3,187,217 in 2015. The District's financial condition was positively affected by:

- An increase in real property tax revenue
- A reduction in employee benefit costs, which is spread amongst the District's program activities.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

At June 30, 2015, the District's governmental funds reported a combined fund balance of \$12,434,214, which is a decrease of \$580,937 from June 30, 2014. Fund balances for the District's governmental funds for the past two years were distributed as follows:

	<u>6/30/15</u>	<u>6/30/14</u>	<u>% Change</u>
<b>General Fund</b>			
Restricted:			
Capital Reserve	\$ 3,000,000	\$ 2,275,000	31.9
Employee Benefit Accrued Liability	1,781,075	1,920,957	(7.3)
Unemployment Insurance	275,000	250,001	10.0
Workers' Compensation	700,000	650,000	7.7
Tax Reduction	351,283	347,340	1.1
Assigned:			
Designated for subsequent year's expenditures	120,000	480,000	(75.0)
Encumbrances	468,100	413,076	13.3
Unassigned	<u>2,564,848</u>	<u>2,510,928</u>	2.1
Total General Fund	<u>9,260,306</u>	<u>8,847,302</u>	4.7
<b>School Lunch Fund</b>			
Nonspendable:			
Inventory	9,920	11,020	(10.0)
Restricted:			
School Lunch Fund	361,241	318,404	13.5
Assigned:			
Encumbrances	<u>-</u>	<u>633</u>	(100.0)
Total School Lunch Fund	<u>371,161</u>	<u>330,057</u>	12.5

**Table A-8: Fund Balances - Governmental Funds (continued)**

<b>Debt Service Fund</b>	<u><b>6/30/15</b></u>	<u><b>6/30/14</b></u>	<u><b>% Change</b></u>
Restricted:			
Debt Service Fund	<u>644,885</u>	<u>644,885</u>	0.0
Total Debt Service Fund	<u>644,885</u>	<u>644,885</u>	0.0
<b>Capital Projects Fund</b>			
Restricted:			
Capital Projects Fund	<u>2,157,862</u>	<u>3,192,907</u>	(32.4)
Total Capital Projects Fund	<u>2,157,862</u>	<u>3,192,907</u>	(32.4)
Total fund balance	<u><u>\$ 12,434,214</u></u>	<u><u>\$ 13,015,151</u></u>	(4.5)

**General Fund Budgetary Highlights**

Reference is made to the supplementary schedule on page 50 which presents original and revised budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were less than the final budgeted revenues by approximately \$433,000.
- Actual expenditures were approximately \$2,515,000 (including encumbrances of approximately \$468,000) less than final (not including interfund transfers) budget primarily due to lower than anticipated costs in the instruction and employee benefits categories.

At June 30, 2015, the District's unassigned fund balance was \$2,564,848 which was within the allowable 4% of the subsequent year's budget (\$63,992,053) as promulgated by New York State (see page 56). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2015.

Unassigned fund balance, beginning of year	\$ 2,510,928
Add:	
Prior-year appropriated fund balance	480,000
Prior-year encumbrances	413,076
Voter approved use of Capital Reserve	1,275,000
Board approved use of Employee Benefit Accrued Liability Reserve	147,518
Less:	
Net change in fund balance	413,004
Current-year appropriated fund balance	(120,000)
Current-year encumbrances	(468,100)
Transfer to Capital Reserve, including interest	(2,000,000)
Transfer to Employee Benefit Accrued Liability Reserve, interest only	(7,636)
Transfer to Unemployment Insurance Reserve, including interest	(24,999)
Transfer to Workers' Compensation Reserve, including interest	(50,000)
Transfer to Tax Stabilization Reserve, interest only	<u>(3,943)</u>
	<u><u>\$ 2,564,848</u></u>

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

By the end of 2015, the District had invested \$39,431,724 net of depreciation, in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices. The District is conducting a variety of minor capital projects through its Capital Reserve Program.

	<u>6/30/15</u>	<u>6/30/14</u>	<u>% Change</u>
Land	\$ 125,075	\$ 125,075	0.0
Construction-in-progress	7,722,648	8,185,564	(5.7)
Buildings and building improvements	31,111,402	30,994,366	0.4
Furniture and equipment	472,599	429,195	10.1
Totals	<u>\$ 39,431,724</u>	<u>\$ 39,734,200</u>	(0.8)

### Long-Term Debt

At year-end, the District had \$58,452,704 in general obligation bonds and other long-term debt.

<u>Category</u>	<u>6/30/15</u>	<u>6/30/14</u>	<u>% Change</u>
General obligation bonds	\$ 18,883,746	\$ 21,062,144	(10.3)
Installment purchase debt payable	3,803,774	3,939,400	(3.4)
Workers' compensation claims payable	238,121	330,969	(28.1)
Other post-employment benefits	32,199,742	27,020,821	19.2
Compensated absences	3,327,321	3,160,897	5.3
Totals	<u>\$ 58,452,704</u>	<u>\$ 55,514,231</u>	5.3

## FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The "Tax Levy Limitation Law" which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a school district in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the new Law is expected to make budgetary decisions more difficult.
- The General Fund Budget for the 2015-2016 school year was approved by the voters in the amount of \$63,992,053, which represents an increase of \$1,218,852 or 1.94%.

- The General Fund budget for the 2015-2016 school year is impacted by certain trends affecting school districts. These include potential increases in retirement contributions, health insurance costs, workers' compensation judgments and potential unemployment insurance claims, which are beyond the District's control.

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

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

Cold Spring Harbor Central School District  
District Offices  
Attn: Interim Assistant Superintendent of Business  
75 Goose Hill Road  
Cold Spring Harbor, NY 11724  
(631) 367-5928

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

**ASSETS**

Current assets:	
Cash:	
Unrestricted	\$ 12,888,612
Restricted	7,470,966
Receivables:	
State and federal aid	888,646
Taxes	446,115
Due from fiduciary funds	267
Other receivables	235,135
Inventories	9,919
Total current assets	<u>21,939,650</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation of \$32,427,656	39,431,724
Proportionate share of net pension asset - NYSTRS	<u>19,158,624</u>
Total assets	<u>80,530,008</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources - NYSTRS pension related	10,991
Deferred outflows of resources - NYSTRS subsequent payments	4,136,592
Deferred outflows of resources - NYSERS pension related	<u>334,149</u>
Total deferred outflows of resources	<u>4,481,732</u>
Total assets and deferred outflows of resources	<u>\$ 85,011,740</u>

**LIABILITIES**

Current liabilities:	
Payables:	
Accounts payable	\$ 279,676
Accrued liabilities	196,050
Due to other governments	114,678
Accrued interest payable	312,444
Due to teachers' retirement system	4,695,577
Due to employees' retirement system	313,134
Long-term liabilities, due within one year:	
Bonds payable	2,366,250
Installment purchase debt payable	232,861
Compensated absences	283,784
Unearned revenues:	
School lunch sales received in advance	<u>56,719</u>
Total current liabilities	<u>8,851,173</u>
Noncurrent liabilities:	
Long-term liabilities, due after one year:	
Bonds payable	16,517,496
Installment purchase debt payable	3,570,913
Compensated absences	3,043,537
Workers' compensation claims payable	238,121
Proportionate share of net pension liability - NYSERS	548,870
Other post-employment benefits	<u>32,199,742</u>
Total noncurrent liabilities	<u>56,118,679</u>
Total liabilities	<u>64,969,852</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources - NYSTRS pension related	<u>13,147,258</u>
Total deferred inflows of resources	<u>13,147,258</u>
Total liabilities and deferred inflows of resources	<u>78,117,110</u>

**NET POSITION**

Net investment in capital assets	16,744,204
Restricted:	
Capital Reserve	3,000,000
Employee Benefit Accrued Liability	1,781,075
Unemployment Insurance	275,000
Workers' Compensation	700,000
Tax Reduction	351,283
School Lunch Fund	361,241
Debt Service Fund	644,885
Capital Projects Fund	2,157,862
Unrestricted	<u>(19,120,920)</u>
Total net position	<u>6,894,630</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 85,011,740</u>

The accompanying notes to financial statements are an integral part of this statement.



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

		Program Revenues		
	Expenses	Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position
Functions and programs:				
General support	\$ 8,748,977	\$ -	\$ -	\$ (8,748,977)
Instruction	46,063,274	103,465	529,229	(45,430,580)
Pupil transportation	3,914,037	7,173	44,026	(3,862,838)
Debt service - interest	823,810	-	-	(823,810)
School lunch program	821,609	812,178	35,899	26,468
	<u>\$ 60,371,707</u>	<u>\$ 922,816</u>	<u>\$ 609,154</u>	<u>(58,839,737)</u>
Total functions and programs				
General revenues:				
Real property taxes				56,604,125
Other tax items				1,556,639
Use of money and property				20,520
State sources				3,437,674
Federal sources - Medicaid				11,629
Miscellaneous				396,367
				<u>62,026,954</u>
Total general revenues				
Change in net position				3,187,217
Total net position, beginning of year, as restated (see Note 17)				<u>3,707,413</u>
Total net position, end of year				<u>\$ 6,894,630</u>

The accompanying notes to financial statements are an  
integral part of this statement.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>						
Cash:						
Unrestricted	\$ 12,839,318	\$ -	\$ 49,294	\$ -	\$ -	\$ 12,888,612
Restricted	6,107,358	31,947	361,241	645,466	324,954	7,470,966
Receivables:						
State and federal aid	723,732	162,404	2,510	-	-	888,646
Taxes	446,115	-	-	-	-	446,115
Due from other funds	166,466	-	5,412	-	1,832,908	2,004,786
Due from fiduciary funds	267	-	-	-	-	267
Other receivables	229,398	-	5,737	-	-	235,135
Inventories	-	-	9,919	-	-	9,919
<b>Total assets</b>	<b>\$ 20,512,654</b>	<b>\$ 194,351</b>	<b>\$ 434,113</b>	<b>\$ 645,466</b>	<b>\$ 2,157,862</b>	<b>\$ 23,944,446</b>
<b>LIABILITIES</b>						
Payables:						
Accounts payable	\$ 248,454	\$ 27,452	\$ 3,770	\$ -	\$ -	\$ 279,676
Accrued liabilities	192,972	1,014	2,064	-	-	196,050
Due to other funds	1,838,320	165,885	-	581	-	2,004,786
Due to other governments	114,279	-	399	-	-	114,678
Due to teachers' retirement system	4,695,577	-	-	-	-	4,695,577
Due to employees' retirement system	313,134	-	-	-	-	313,134
Compensated absences	3,327,321	-	-	-	-	3,327,321
Unearned revenues:						
School lunch sales received in advance	-	-	56,719	-	-	56,719
<b>Total liabilities</b>	<b>10,730,057</b>	<b>194,351</b>	<b>62,952</b>	<b>581</b>	<b>-</b>	<b>10,987,941</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
State and local sources	522,291	-	-	-	-	522,291
<b>Total deferred inflows of resources</b>	<b>522,291</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>522,291</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>11,252,348</b>	<b>194,351</b>	<b>62,952</b>	<b>581</b>	<b>-</b>	<b>11,510,232</b>
<b>FUND BALANCE</b>						
Fund balance:						
Nonspendable	-	-	9,920	-	-	9,920
Restricted	6,107,358	-	361,241	644,885	2,157,862	9,271,346
Assigned	588,100	-	-	-	-	588,100
Unassigned	2,564,848	-	-	-	-	2,564,848
<b>Total fund balance</b>	<b>9,260,306</b>	<b>-</b>	<b>371,161</b>	<b>644,885</b>	<b>2,157,862</b>	<b>12,434,214</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 20,512,654</b>	<b>\$ 194,351</b>	<b>\$ 434,113</b>	<b>\$ 645,466</b>	<b>\$ 2,157,862</b>	<b>\$ 23,944,446</b>

The accompanying notes to financial statements are an integral part of this statement.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

Total Fund Balance - Governmental Funds		\$ 12,434,214
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:		
Capital assets less accumulated depreciation are included in the Statement of Net Position:		
Capital assets:		
Non-depreciable	\$ 7,847,723	
Depreciable	64,011,657	
Accumulated depreciation	<u>(32,427,656)</u>	39,431,724
Proportionate share of net pension asset - NYSTRS		19,158,624
Deferred outflows of resources - NYSERS and NYSTRS pension related		4,481,732
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the governmental fund financial statements. However, these liabilities are included in the Statement of Net Position:		
Bonds payable, net of premiums and discounts	(18,883,746)	
Installment purchase debt payable	(3,803,774)	
Workers' compensation claims payable	(238,121)	
Other post-employment benefits	<u>(32,199,742)</u>	(55,125,383)
Proportionate share of net pension liability - NYSERS		(548,870)
Deferred inflows of resources - NYSTRS pension related		(13,147,258)
Revenue that was not accrued on the governmental funds financial statements because it does not meet the availability criteria under the modified accrual basis of accounting is included in the Statement of Net Position.		522,291
Interest payable applicable to the District's governmental activities are not due and payable in the current period and accordingly is not reported in the governmental fund financial statements. However, this liability is included in the Statement of Net Position.		<u>(312,444)</u>
Net Position - Governmental Activities		<u>\$ 6,894,630</u>

The accompanying notes to financial statements are an integral part of this statement.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes	\$ 56,604,125	\$ -	\$ -	\$ -	\$ -	\$ 56,604,125
Other tax items	1,556,639	-	-	-	-	1,556,639
Charges for services	110,638	-	-	-	-	110,638
Use of money and property	20,172	-	348	-	-	20,520
State sources	3,179,663	139,026	4,901	-	-	3,323,590
Federal sources	32,887	412,971	30,998	-	-	476,856
Sales	-	-	812,178	-	-	812,178
Miscellaneous	356,172	-	14,288	-	-	370,460
<b>Total revenues</b>	<b>61,860,296</b>	<b>551,997</b>	<b>862,713</b>	<b>-</b>	<b>-</b>	<b>63,275,006</b>
<b>EXPENDITURES</b>						
General support	6,581,915	-	459,304	-	-	7,041,219
Instruction	32,074,517	562,218	-	-	-	32,636,735
Pupil transportation	3,864,264	20,000	-	-	-	3,884,264
Employee benefits	14,338,565	-	31,176	-	-	14,369,741
Debt service -						
Principal	2,230,626	-	-	-	-	2,230,626
Interest	1,088,654	-	-	-	-	1,088,654
Cost of sales	-	-	331,129	-	-	331,129
Capital outlay	-	-	-	-	2,299,482	2,299,482
<b>Total expenditures</b>	<b>60,178,541</b>	<b>582,218</b>	<b>821,609</b>	<b>-</b>	<b>2,299,482</b>	<b>63,881,850</b>
Excess (deficiency) of revenues over (under) expenditures	1,681,755	(30,221)	41,104	-	(2,299,482)	(606,844)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of refunding bonds	-	-	-	2,045,000	-	2,045,000
Premium on bonds issued	-	-	-	127,852	-	127,852
Payment to refunded bond escrow agent	-	-	-	(2,172,852)	-	(2,172,852)
Premium on obligations	25,907	-	-	-	-	25,907
Operating transfers in	10,563	30,221	-	-	1,275,000	1,315,784
Operating transfers out	(1,305,221)	-	-	-	(10,563)	(1,315,784)
<b>Total other financing sources (uses)</b>	<b>(1,268,751)</b>	<b>30,221</b>	<b>-</b>	<b>-</b>	<b>1,264,437</b>	<b>25,907</b>
Change in fund balance	413,004	-	41,104	-	(1,035,045)	(580,937)
Fund balance, beginning of year	8,847,302	-	330,057	644,885	3,192,907	13,015,151
Fund balance, end of year	<b>\$ 9,260,306</b>	<b>\$ -</b>	<b>\$ 371,161</b>	<b>\$ 644,885</b>	<b>\$ 2,157,862</b>	<b>\$ 12,434,214</b>

The accompanying notes to financial statements are an integral part of this statement.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

Net Change in Fund Balance - Governmental Funds \$ (580,937)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeds capital outlay in the current period is:

Capital outlay	\$ 2,408,966	
Depreciation expense	<u>(2,711,442)</u>	(302,476)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 258,011

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Proceeds from issuance of refunding bond	(2,045,000)	
Premium on bond issuance	(127,852)	
Payment to refunded bond escrow agent	2,080,000	
Repayment of bond principal	2,095,000	
Repayment of installment purchase debt payable	<u>135,626</u>	2,137,774

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Other post-employment benefits	(5,178,921)	
Workers' compensation claims payable	92,848	
Amortization of bond premiums and discounts	176,250	
Amortization of premium on obligations	46,863	
Accrued interest costs	<u>41,731</u>	(4,821,229)

(Increases) decreases in the proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Change in proportionate share of net pension asset - pension NYSTRS related	18,014,224	
Change in deferred outflows of resources - NYSTRS and NYSERS pension related	1,443,790	
Change in deferred inflows of resources - NYSTRS and NYSERS pension related	(13,147,258)	
Proportionate share of net pension liability - NYSERS	<u>185,318</u>	<u>6,496,074</u>

Net Change in Net Position - Governmental Activities \$ 3,187,217

The accompanying notes to financial statements are an  
integral part of this statement.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2015**

	Scholarship Trusts	Agency Funds
<b>ASSETS</b>		
Cash:		
Unrestricted	\$ 17,257	\$ -
Restricted	-	246,490
Total assets	\$ 17,257	\$ 246,490
<b>LIABILITIES</b>		
Extraclassroom activity balances	\$ -	\$ 157,630
Other liabilities	-	88,593
Due to other funds	-	267
Total liabilities	-	\$ 246,490
<b>NET POSITION</b>		
Restricted:		
Endowment scholarships	17,257	
Total net position	17,257	
Total liabilities and net position	\$ 17,257	

The accompanying notes to financial statements are an  
integral part of this statement.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Scholarship Trusts</b>
<b>ADDITIONS</b>	
Contributions	\$ 2,423
Investment earnings:	
Interest	18
Total additions	2,441
<b>DEDUCTIONS</b>	
Scholarships and awards	6,507
Total deductions	6,507
Change in net position	(4,066)
Net position, beginning of year	21,323
Net position, end of year	\$ 17,257

The accompanying notes to financial statements are an  
integral part of this statement.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES**

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

A. Reporting entity

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

The reporting entity of the District is based upon criteria set forth by GASB. 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:

1. 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 elsewhere in this report. The District accounts for assets held as an agent for various student organizations in an agency fund.

B. Joint venture

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



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

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

During the year, the District was billed \$1,848,788 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$595,780.

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

C. Basis of presentation

1. District-wide financial statements

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

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

2. Fund 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, such as federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

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

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

The District reports the following fiduciary funds:

#### Fiduciary Funds

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 benefit annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

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

#### D. Measurement focus and basis of accounting

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

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

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within a reasonable period of time after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments 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 for the Town of Oyster Bay residents are levied annually by the Board of Education during the month of September and become a lien on October 1<sup>st</sup> and April 1<sup>st</sup>. This portion of the District's tax levy is collected by the Town of Oyster Bay and remitted to the District. Uncollected real property taxes have been enforced by the County in which the District is located. Nassau County has paid an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1<sup>st</sup>.

Real property taxes for the Town of Huntington residents are levied annually by the Board of Education no later than November 1<sup>st</sup>, and become a lien on December 1<sup>st</sup>. This portion of the District's tax levy is collected by the Town of Huntington along with the respective Town and Suffolk County levies. These tax collections are remitted to the District and Town Comptroller until their respective taxes are satisfied in accordance with the Suffolk County Tax Act. All subsequent tax collections, through June 30<sup>th</sup>, are remitted by the Town to Suffolk County which in turn is responsible for any uncollected taxes.

F. Restricted resources

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

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 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 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

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 reporting 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, useful lives of long-lived assets and the proportionate share of net pension assets and liabilities.

I. Cash and investments

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

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 school districts.

Investments are stated at fair value.

J. Accounts receivable

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

K. Inventories 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 which approximates market. Purchases of inventorable 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 may be recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as 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 as their use is limited by applicable bond covenants.

Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

M. Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 1975. For assets acquired prior to June 30, 1975, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and building improvements	\$ 15,000	Straight line	20-40 years
Site improvements	\$ 15,000	Straight line	20 years
Furniture and equipment	\$ 2,000	Straight line	5-20 years

Certain infrastructure capital assets are accounted for using the modified approach permitted for eligible assets under GASB guidelines. 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 District is required to conduct a condition assessment of these assets at least once every three years.

N. Deferred outflows

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 District-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the District contributions to the pension systems (New York State Employees' Retirement System ("NYSERS") and New York State Teachers' Retirement System ("NYSTRS")) subsequent to the measurement date.

O. Deferred inflows

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 various items that qualify for reporting in this category. This may arise under the modified accrual basis of accounting and may be reported as unavailable revenue – property taxes. This may also arise when reporting on pensions 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 and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Deferred inflows of resources may be recognized in when bonds are refunded prior to their maturity dates.

P. Unearned revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

Q. Vested employee benefits - compensated absences

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

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

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

R. 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 provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

S. Short-term debt

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

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

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

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

T. 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 and other post-employment benefits that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent 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.



U. Equity classifications

District-wide statements

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

1. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
2. Restricted net position: Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
3. Unrestricted net position: Is the amount of net position, deferred outflows of resources, liabilities, and deferred inflows of resources that is not included in the determination of net investment in capital assets or the restricted components of net position, and is deemed to be available for general use by the District.

Funds statements

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

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$9,920.
2. 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. The District has established the following restricted fund balances:

Capital

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

### 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.

### Unemployment Insurance

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 the tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

### Workers' Compensation

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

### 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 school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the school 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. This is accounted for in the General Fund.

### Debt Service

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

## Encumbrances

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

3. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school district's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2015.
4. Assigned - Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the assignment must be narrower than the purpose of the General Fund. All encumbrances of the General Fund are classified as Assigned Fund Balance as of June 30, 2015 and amounted to \$468,100.
5. Unassigned - Includes all other General Fund net position that does not meet the definition of the above four classifications and is deemed to be available for general use by the District.

Fund balances for all governmental funds as of June 30, 2015 were distributed as follows:

	<u>General</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Nonspendable					
Inventory	\$ -	\$ 9,920	\$ -	\$ -	\$ 9,920
Total nonspendable	-	9,920	-	-	9,920
Restricted					
Capital Reserve	3,000,000	-	-	-	3,000,000
Employee Benefit Accrued Liability	1,781,075	-	-	-	1,781,075
Unemployment Insurance	275,000	-	-	-	275,000
Workers' Compensation	700,000	-	-	-	700,000
Tax Reduction	351,283	-	-	-	351,283
School Lunch Fund	-	361,241	-	-	361,241
Debt Service Fund	-	-	644,885	-	644,885
Capital Projects Fund	-	-	-	2,157,862	2,157,862
Total restricted	6,107,358	361,241	644,885	2,157,862	9,271,346
Assigned					
Designated for subsequent year's expenditures	120,000	-	-	-	120,000
Encumbrances	468,100	-	-	-	468,100
Total assigned	588,100	-	-	-	588,100
Unassigned	2,564,848	-	-	-	2,564,848
Total	\$ 9,260,306	\$ 371,161	\$ 644,885	\$ 2,157,862	\$ 12,434,214

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. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

### Order of use of fund balance

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund 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 determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

## **2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the funds 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 District-wide statements, compared with the current financial resources focus of the governmental funds.

### **A. Total fund balances of governmental funds vs. net position of governmental activities**

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

### **B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities**

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

#### **1. Long-term revenue/expense differences**

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

#### **2. Capital related differences**

Capital related differences include the difference between proceeds from the sale of capital assets reported on 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 fund statements and depreciation expense on those items as recorded in the Statement of Activities.

### 3. Long-term debt transaction differences

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

### 4. 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.

## 3. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2015, the District implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions (Amendment to GASB Statement No. 27) and GASB Statement No. 71, Pension Transition for contributions Made Subsequent to the Measurement date. The implementation of the statements requires the District to report as an asset and/or liability its portion of the collective net pension's asset and liability in the NYSERS and NYSTRS systems. The implementation of the Statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow is the District contributions to the pension systems subsequent to the measurement date. See Note 17 for the financial statement impact of implementation of the statements.

## 4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments are approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

Voter-approved use of Capital Reserve	<u>\$ 1,275,000</u>
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Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

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

#### Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund 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 portion of the District's School Lunch Fund fund balance subject to Federal regulations 7CFR Part 210.14(b) limit exceeded the amount allowable, which is three months average expenditure level. Actions the District plans to pursue to address this issue include purchasing several new pieces of kitchen equipment and making substantial improvements to the school kitchen serving lines in the upcoming year.

#### 5. CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

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

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

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, in the District's name	\$ 20,306,252

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 \$7,470,966 in the governmental funds and \$246,490 in the fiduciary funds.

6. **RECEIVABLES**

A. **State and federal aid**

State and federal aid at June 30, 2015, consisted of the following:

General Fund		
BOCES aid	\$	624,392
New York State Aid - excess cost aid		99,340
Special Aid Fund		
State and federal grants		162,404
School Lunch Fund		
School breakfast and lunch reimbursement		<u>2,510</u>
Totals	\$	<u><u>888,646</u></u>

B. **Other receivables**

Other receivables at June 30, 2015, consisted of the following:

General Fund		
Foster tuition	\$	229,398
School Lunch Fund		
Sales		<u>5,737</u>
	\$	<u><u>235,135</u></u>

7. **CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 125,075	\$ -	\$ -	\$ 125,075
Construction-in-progress	<u>8,185,564</u>	<u>2,299,482</u>	<u>(2,762,398)</u>	<u>7,722,648</u>
Total nondepreciable assets	<u>8,310,639</u>	<u>2,299,482</u>	<u>(2,762,398)</u>	<u>7,847,723</u>
Capital assets that are depreciated:				
Buildings and building improvements	59,582,861	-	2,762,398	62,345,259
Furniture and equipment	<u>1,556,914</u>	<u>109,484</u>	<u>-</u>	<u>1,666,398</u>
Total depreciable assets	<u>61,139,775</u>	<u>109,484</u>	<u>2,762,398</u>	<u>64,011,657</u>
Less accumulated depreciation:				
Buildings and building improvements	28,588,495	2,645,362	-	31,233,857
Furniture and equipment	<u>1,127,719</u>	<u>66,080</u>	<u>-</u>	<u>1,193,799</u>
Total accumulated depreciation	<u>29,716,214</u>	<u>2,711,442</u>	<u>-</u>	<u>32,427,656</u>
Total capital assets, net	<u>\$ 39,734,200</u>	<u>\$ (302,476)</u>	<u>\$ -</u>	<u>\$ 39,431,724</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 337,431
Instruction	2,368,856
Pupil transportation	5,155
	<u>\$ 2,711,442</u>

## 8. SHORT-TERM DEBT OBLIGATIONS

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

	Beginning Balance	Issued	Redeemed	Ending Balance
TAN matured at 6/25/15 at 1.00%	\$ -	\$ 5,130,000	\$ 5,130,000	\$ -

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

Interest paid	\$ 33,772
Less interest accrued in the prior year	-
Plus interest accrued in the current year	-
Interest paid	<u>\$ 33,772</u>

## 9. LONG-TERM DEBT OBLIGATIONS

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 19,780,000	\$ 2,045,000	\$ 4,175,000	\$ 17,650,000	\$ 2,190,000
Unamortized bond discounts and premiums	1,282,144	127,852	176,250	1,233,746	176,250
Total bonds payable	21,062,144	2,172,852	4,351,250	18,883,746	2,366,250
Installment purchase debt payable	3,939,400	-	135,626	3,803,774	232,861
Workers' compensation claims payable	330,969	20,852	113,700	238,121	-
Other post-employment benefits	27,020,821	7,223,236	2,044,315	32,199,742	-
Compensated absences	3,160,897	325,165	158,741	3,327,321	283,784
Total long-term liabilities/(assets)	<u>\$ 55,514,231</u>	<u>\$ 9,742,105</u>	<u>\$ 6,803,632</u>	<u>\$ 58,452,704</u>	<u>\$ 2,882,895</u>

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

On July 23, 2014, the District refinanced its outstanding 2004 Serial Bonds of \$2,230,000 with new 2014 Refunding Serial Bonds of \$2,045,000, issued at a range of 2.00% to 4.00%. The new bonds were issued at a premium of \$144,028, which is presented as the bond issue premium. The premium will be amortized over the life of the 2014 Refunding Serial Bonds beginning fiscal year ending June 30, 2016.

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



Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/15
Serial bonds	2004	2022	3.375 - 4.00%	\$ 2,030,000
Refunding serial bonds	2011	2022	2.00 - 5.00%	15,620,000
				<u>\$ 17,650,000</u>
Installment purchase debt	04/15/13	08/15/29	2.32%	<u>\$ 3,803,774</u>

The following is a summary of maturing debt service requirements:

	Serial Bonds		Installment Purchase Debt		Total
	Principal	Interest	Principal	Interest	
<u>June 30,</u>					
2016	\$ 2,190,000	\$ 789,875	\$ 232,861	\$ 86,905	\$ 3,299,641
2017	2,295,000	695,875	238,294	81,471	3,310,640
2018	2,405,000	589,225	243,855	75,910	3,313,990
2019	2,520,000	471,575	249,545	70,221	3,311,341
2020	2,640,000	348,175	255,368	64,397	3,307,940
2021-2025	5,600,000	369,688	1,369,055	229,773	7,568,516
2026-2030	-	-	1,214,796	64,265	1,279,061
	<u>\$ 17,650,000</u>	<u>\$ 3,264,413</u>	<u>\$ 3,803,774</u>	<u>\$ 672,942</u>	<u>\$ 25,391,129</u>

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

Interest paid	\$ 1,054,882
Less interest accrued in the prior year	(354,175)
Plus interest accrued in the current year	312,444
Less amortization of premiums/discounts	(223,113)
Total interest expense	<u>\$ 790,038</u>

## 10. PENSION PLANS

The District participates in the New York State Employees' Retirement System ("NYSERS") and the New York State Teachers' Retirement System ("NYSTRS") (collectively referred to as the "Systems").

### Plan descriptions and benefits provided

#### Employees' Retirement System

The New York State and Local Employees' Retirement System is a cost-sharing, multiple-employer retirement system. NYSERS 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 NYSERS. NYSERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in NYSERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan ("NYSGLIP"), which provides death benefits in the form of life insurance. NYSERS is included within New York State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

### Teachers' Retirement System

The New York State Teachers' Retirement System is a cost-sharing, multiple-employer retirement system. NYSTRS provides retirement benefits, as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS is governed by a 10 member Board of Trustees. NYSTRS benefits are established under New York State Law. 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 NYSTRS. 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. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

### Contributions

The Systems are noncontributory for the employee who joined prior to July 27, 1976 (tiers I and II). For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary (tiers III and IV). For NYSERS, employees who joined the system between January 1, 2010 and April 1, 2012, are required to contribute 3% of their salary (tier V). For NYSTRS, employees who joined the system between January 1, 2010 and April 1, 2012, are required to contribute 3.5% of their salary (tier V). In addition, employee contribution rates (3% to 6%) under NYSERS and NYSTRS tier VI (those who joined after April 1, 2012) vary based on a sliding salary scale. With the exception of NYSERS and NYSTRS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

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

<u>Year</u>	<u>NYSERS</u>	<u>NYSTRS</u>
2015	\$ 1,071,511	\$ 4,574,921
2014	946,091	4,128,412
2013	1,014,410	3,013,738

### Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The net pension asset/(liability) was measured as of March 31, 2015 for NYSERS and June 30, 2014 for NYSTRS. 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 NYSERS and NYSTRS Systems in reports provided to the District.

At June 30, 2015, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems.

	<u>NYSERS</u>	<u>NYSTRS</u>
Actuarial valuation date	April 1, 2014	June 30, 2013
Net pension asset (liability)	\$ (548,870)	\$ 19,158,624
District's portion of the Plan's total net pension asset (liability)	0.016247%	0.171990%

For the year ended June 30, 2015, the District recognized pension expense of \$552,044 for NYSERS and pension income of \$749,531 for NYSTRS. At June 30, 2015, 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 - NYSERS</u>	<u>Deferred Outflows of Resources - NYSTRS</u>	<u>Deferred Inflows of Resources - NYSERS</u>	<u>Deferred Inflows of Resources - NYSTRS</u>
Difference between expected experience and actual experience	\$ 17,570	\$ -	\$ -	\$ 280,160
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	95,332	-	-	12,867,098
Changes in proportion and differences between the District's contributions and proportionate share of contributions	221,247	10,991	-	-
Employer contributions subsequent to the measurement date	-	4,136,592	-	-
Total	<u>\$ 334,149</u>	<u>\$ 4,147,583</u>	<u>\$ -</u>	<u>\$ 13,147,258</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	<u>NYSERS</u>	<u>NYSTRS</u>
2016	\$ 83,537	\$ 3,248,073
2017	83,537	3,248,073
2018	83,537	3,248,073
2019	83,538	3,248,073
2020	-	31,300
Thereafter	-	112,675

### 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.

Significant actuarial assumptions used in the valuations were as follows:

	<u>NYSERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2015	June 30, 2014
Actuarial valuation date	April 1, 2014	June 30, 2013
Interest rate	7.50%	8.00%
Salary scale	4.90%	4.01% - 10.91%
Decrement tables	April 1, 2005 to March 31, 2010 System's Experience	July 1, 2005 to June 30, 2010 System's Experience
Inflation rate	2.70%	3.00%

For NYSERS, annuitant mortality rates are based on April 1, 2005 – March 31, 2010 system's experience with adjustments for mortality improvements based on MP-2014. For NYSTRS, annuitant mortality rates are based on July 1, 2005 – June 30, 2010 system's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For NYSERS, the actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010. For NYSTRS, the actuarial assumptions used in the June 30, 2013 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

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

	<u>NYSERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2015	June 30, 2014
Asset type		
Absolute return strategies	3.00%	-
Alternative investments	-	7.00%
Bonds and mortgages	18.00%	8.00%
Cash	2.00%	-
Domestic equity	38.00%	37.00%
Domestic fixed income	-	18.00%
Global fixed income	-	2.00%
Inflation-indexed bonds	2.00%	-
International equity	13.00%	18.00%
Opportunistic portfolio	3.00%	-
Private equity	10.00%	-
Real assets	3.00%	-
Real estate	8.00%	10.00%
	<u>100.00%</u>	<u>100.00%</u>

#### Discount rate

The discount rate used to calculate the total pension liability was 7.5% for NYSERS and 8.0% for NYSTRS. 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 liability calculated using the discount rate of 7.5% for NYSERS and 8.0% for NYSTRS, 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 (6.5% for NYSERS and 7.0% for NYSTRS) or 1-percentage point higher (8.5% for NYSERS and 9.0% for NYSTRS) than the current rate:

<u>NYSERS</u>	<u>1% Decrease (6.5%)</u>	<u>Current assumption (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ 3,658,455	\$ (548,870)	\$ (2,076,391)
<u>NYSTRS</u>	<u>1% Decrease (7.0%)</u>	<u>Current assumption (8.0%)</u>	<u>1% Increase (9.0%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ 413,278	\$ 19,158,624	\$ 35,132,262

Pension plan fiduciary net position

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

	(Dollars in Thousands)		
	NYSERS	NYSTRS	Total
Valuation date	April 1, 2014	June 30, 2013	
Employers' total pension asset/(liability)	\$ 164,591,504	\$ 97,015,707	\$ 261,607,211
Plan net position	161,213,259	108,155,083	269,368,342
Employers' net pension asset/(liability)	<u>\$ (3,378,245)</u>	<u>\$ 11,139,376</u>	<u>\$ 7,761,131</u>
Ratio of plan net position to the employers' total pension asset/(liability)	97.95%	111.48%	102.97%

Payables to the pension plan

For NYSERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2015 represent the projected employer contribution for the period of April 1, 2015 through June 30, 2015 based on paid NYSERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2015 amounted to \$313,134.

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2015 are paid to the system in September, October and November 2015 through a State aid intercept. Accrued retirement contributions as of June 30, 2015 represent employee and employer contributions for the fiscal year ended June 30, 2015 based on paid NYSTRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued retirement contributions as of June 30, 2015 amounted to \$4,695,577.

**11. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS**

	Interfund		Interfund	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 166,733	\$ 1,838,320	\$ 10,563	\$ 1,305,221
Special Aid Fund	-	165,885	30,221	-
School Lunch Fund	5,412	-	-	-
Debt Service Fund	-	581	-	-
Capital Projects Fund	1,832,908	-	1,275,000	10,563
Fiduciary Funds	-	267	-	-
Totals	<u>\$ 2,005,053</u>	<u>\$ 2,005,053</u>	<u>\$ 1,315,784</u>	<u>\$ 1,315,784</u>

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

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

12. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”)

Plan description and annual OPEB cost

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

The District implemented GASB Standards for Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions, (standards codified in 2012) in the school year June 30, 2009. This requires the District to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and actual contributions made.

Currently, 159 retired employees receive health benefits from the District. Retirees contribute 0% to 25% for coverage depending on position held, date of hire, years of service, and fiscal year of retirement.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2015, the District recognized \$2,044,315 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of June 30, 2015 which indicates that the total liability for other post-employment benefits is \$90,811,880.

The District’s annual OPEB cost (expense) is calculated based on the *annual required contribution (“ARC”)* of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation:

	For the Year Ended <u>June 30, 2015</u>
Annual required contribution	\$ 7,512,146
Interest on net OPEB obligation	<u>1,048,344</u>
Annual OPEB cost	8,560,490
Adjustment based on revised actuarial valuation	(1,337,254)
Contributions made	<u>2,044,315</u>
Increase in net OPEB obligation	5,178,921
Net OPEB obligation, beginning of year	<u>27,020,821</u>
Net OPEB obligation, end of year	<u>\$ 32,199,742</u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/15	\$ 8,560,490	23.9%	\$ 32,199,742
06/30/14	8,233,139	26.9%	27,020,821
06/30/13	7,929,835	24.8%	22,270,613

Funded status and funding progress

As of June 30, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$90,811,880 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability ("UAAL") of \$90,811,880. The covered payroll (annual payroll of active employees covered by the plan) was \$32,189,658 and the ratio of the UAAL to the covered payroll was 282.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015 actuarial valuation, the projected unit actuarial cost method was used. The actuarial assumptions included a 3.85% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after 8 years. Both rates included a 3% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015 was 23 years.

**13. RISK MANAGEMENT**

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



The District participates in New York Schools Insurance Reciprocal ("NYSIR"), a non-risk-retained public entity risk pool for its District property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of certain defined limits, and the District has essentially transferred all related risk to the pool.

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported claims and do not include claims which were incurred on or before year end but not reported ("IBNR").

Claims activity is summarized below:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
Claims reported for the fiscal years ended June 30:				
2015	\$ 330,969	\$ 20,852	\$ 113,700	\$ 238,121
2014	261,909	330,969	261,909	330,969
2013	323,021	261,909	323,021	261,909

There have been no significant reductions in insurance coverage as compared to the prior years, and there were no settlements in excess of coverage over the last three years.

The District has not purchased any annuity contracts.

#### **14. CONTINGENCIES AND COMMITMENTS**

##### Government grants

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

##### Library indebtedness

On September 1, 2004, the District entered into a tax pledge agreement with the Cold Spring Harbor Village Improvement Society Library and the Bank of New York Mellon, as trustee, in connection with issuance of \$9,500,000 of civic facility revenue bonds for the acquisition and construction of a library facility. Under the terms of the agreement, the District has agreed to cause to be levied on behalf of the Library the aggregate annual amount necessary to pay the debt service on the bonds; said payment to be remitted directly from the District to the trustee according to a time schedule established in the agreement. The annual debt service approximates \$700,000 and will be satisfied in full with the September 15, 2024 semi-annual payment.

### Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years beginning in 2012-13 through at least June 15, 2016, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent or the rate of inflation (but not less than 1 percent), whichever is less, with some exceptions. The New York State Comptroller recently set the allowable levy growth factor for school districts for fiscal years beginning July 1, 2014 at 1.46 percent (before exemptions). School districts can exceed the tax levy limit by a 60 percent vote of the governing body, or by local law. In July 2015, the Real Property Tax Cap Laws were extended to June 15, 2020.

### Service concession arrangements

In accordance with GASB Standards, the District is required to recognize a liability for certain obligations to sacrifice financial resources (i.e. capital improvements) under the terms of a service concession arrangement or, a deferred inflow for up-front or installment payments received from the operator in advance of the revenue being earned. The District did not have any service concession arrangements for the fiscal year ended June 30, 2015, and accordingly, no liability or deferred inflow was reflected on the District's financial statements.

### Litigation

The District is involved in lawsuits arising from the normal conduct of business. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

## **15. LEASE COMMITMENTS**

The District has entered into twenty-three leases for rental of office equipment. The operating lease expense for the year ended June 30, 2015 was \$142,658. Future minimum payments are as follows:

Fiscal year ended June 30,	
2016	\$ 98,770
2017	5,060
2018	4,366
2019	1,692
	<hr/>
	\$ 109,888

## **16. FUTURE ACCOUNTING STANDARDS**

GASB has issued Statement No. 72, Fair Value Measurement and Application, effective for the year ending June 30, 2016.

GASB has issued Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

GASB has issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, effective for the year ending June 30, 2016.

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

**17. PRIOR PERIOD ADJUSTMENT/RESTATEMENT OF NET POSITION**

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions (Amendment to GASB Statement No. 27). The implementation of Statement No. 68 resulted in the reporting of an asset, deferred outflow of resources, liability and deferred inflow of resources related to the District's participation in the New York State Teachers' and New York State Employees' retirement systems. The District's net position has been restated as follows:

Balance as of July 1, 2014, as previously stated	\$ 259,259
GASB Statement No. 68 implementation:	
Add: Beginning system asset - Teachers' Retirement System	1,144,400
Less: Beginning System liability - Employees' Retirement System	(734,188)
Beginning deferred outflow of resources for contributions subsequent to the measurement date:	
Add: Teachers' Retirement System	<u>3,037,942</u>
Balance as of July 1, 2014, as restated	<u>\$ 3,707,413</u>

**18. SUBSEQUENT EVENTS**

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of August 18, 2015, which is the date the financial statements were available to be issued, noting no matters requiring further financial statement disclosure.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Adopted Budget	Final Budget	Actual	Year-end Encumbrances	Variance Favorable (Unfavorable)
<b>REVENUES</b>					
Local sources:					
Real property taxes	\$ 58,160,672	\$ 58,160,672	\$ 56,604,125		\$ (1,556,547)
Other tax items	-	-	1,556,639		1,556,639
Charges for services	244,000	244,000	110,638		(133,362)
Use of money and property	34,500	34,500	20,172		(14,328)
Miscellaneous	500,790	500,790	356,172		(144,618)
Total local sources	58,939,962	58,939,962	58,647,746		(292,216)
State sources	3,333,239	3,333,239	3,179,663		(153,576)
Federal sources	20,000	20,000	32,887		12,887
Total revenues	62,293,201	62,293,201	61,860,296		(432,905)
<b>OTHER FINANCING SOURCES</b>					
Premium on obligations	-	-	25,907		25,907
Interfund transfers	-	-	10,563		10,563
Appropriated reserves	480,000	2,168,076	-		(2,168,076)
Total revenues and other financing sources	62,773,201	64,461,277	61,896,766		(2,584,511)
<b>EXPENDITURES</b>					
General support:					
Board of Education	37,400	37,400	27,992	\$ -	9,408
Central administration	341,200	344,723	339,888	500	4,335
Finance	837,154	848,490	807,124	5,904	35,462
Staff	475,697	572,030	293,957	83,554	194,519
Central services	5,037,136	5,286,038	4,654,640	166,074	465,324
Special items	449,350	462,510	458,314	-	4,196
Total general support	7,177,937	7,551,191	6,581,915	256,032	713,244
Instruction:					
Instruction, administration and improvement	2,155,116	2,148,355	2,059,143	6,419	82,793
Teaching - regular school	20,794,448	20,736,155	20,072,335	11,628	652,192
Programs for children with handicapping conditions	4,669,508	4,616,304	4,198,532	156,666	261,106
Teaching - special school	22,500	22,500	15,603	-	6,897
Instructional media	1,275,405	1,449,801	1,415,578	8,186	26,037
Pupil services	4,408,221	4,423,409	4,313,326	3,872	106,211
Total instruction	33,325,198	33,396,524	32,074,517	186,771	1,135,236
Pupil transportation	4,201,308	4,204,024	3,864,264	25,297	314,463
Community services	1,110	1,110	-	-	1,110
Employee benefits	14,702,655	14,673,435	14,338,565	-	334,870
Debt service:					
Principal	2,215,626	2,215,626	2,230,626	-	(15,000)
Interest	1,124,367	1,119,367	1,088,654	-	30,713
Total expenditures	62,748,201	63,161,277	60,178,541	468,100	2,514,636
<b>OTHER FINANCING USES</b>					
Interfund transfers	25,000	1,300,000	1,305,221	-	(5,221)
Total expenditures and other financing uses	62,773,201	64,461,277	61,483,762	\$ 468,100	2,509,415
Net change in fund balance	\$ -	\$ -	413,004		\$ (55,096)
Fund balance, beginning of year			8,847,302		
Fund balance, end of year			\$ 9,260,306		

**Note to Required Supplementary Information**

**Budget Basis of Accounting**

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

The accompanying notes to financial statements should be  
read in conjunction with this schedule.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
FOR THE YEAR ENDED JUNE 30, 2015

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll ( c )</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
6/30/15	-	\$ 90,811,880	\$ 90,811,880	0%	\$ 32,189,658	282.1%
6/30/14	-	72,322,221	72,322,221	0%	32,251,204	224.2%
6/30/13	-	65,778,297	65,778,297	0%	30,807,495	213.5%

The accompanying notes to financial statements should be read in conjunction with this schedule.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSERS**  
**LAST TEN FISCAL YEARS\***  
**(Dollar amounts in thousands)**

	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>	<u>**2008</u>	<u>**2007</u>	<u>**2006</u>
District's proportionate share of the net pension liability	0.01625%	0.01624%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability	\$ (549)	\$ (734)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered payroll	\$ 5,135	\$ 4,688	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability as a percentage of covered payroll	-10.69%	-15.66%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	97.95%	97.20%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

Not Available = N/A

**\*\*Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The accompanying notes to financial statements should be read in conjunction with this schedule.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET - NYSTRS**  
**LAST TEN FISCAL YEARS\***  
**(Dollar amounts in thousands)**

	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>	<u>**2008</u>	<u>**2007</u>	<u>**2006</u>
District's proportionate share of the net pension asset	0.17199%	0.17385%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension asset	\$ 19,159	\$ 1,144	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered payroll	\$ 26,098	\$ 25,403	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension asset as a percentage of covered payroll	73.41%	4.50%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset	111.48%	100.70%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* The amounts presented for each fiscal year were determined (bi-annually) as of June 30.

Not Available = N/A

**\*\*Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The accompanying notes to financial statements should be read in conjunction with this schedule.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSERS**  
**LAST TEN FISCAL YEARS\***  
**(Dollar amounts in thousands)**

	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>	<u>**2008</u>	<u>**2007</u>	<u>**2006</u>
Contractually required contribution	\$ 1,072	\$ 946	\$ 1,014	\$ 882	\$ 609	\$ 413	\$ 371	\$ 396	\$ 360	\$ 368
Contributions in relation to the contractually required contribution	<u>1,072</u>	<u>946</u>	<u>1,014</u>	<u>882</u>	<u>609</u>	<u>413</u>	<u>371</u>	<u>396</u>	<u>360</u>	<u>368</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	5,135	4,688	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	20.88%	20.18%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

Not Available = N/A

**\*\*Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The accompanying notes to financial statements should be read in conjunction with this schedule.



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSTRS**  
**LAST TEN FISCAL YEARS\***  
**(Dollar amounts in thousands)**

	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>	<u>**2008</u>	<u>**2007</u>	<u>**2006</u>
Contractually required contribution	\$ 4,575	\$ 4,128	\$ 3,014	\$ 2,803	\$ 2,151	\$ 1,475	\$ 1,877	\$ 1,725	\$ 1,722	\$ 1,547
Contributions in relation to the contractually required contribution	<u>4,575</u>	<u>4,128</u>	<u>3,014</u>	<u>2,803</u>	<u>2,151</u>	<u>1,475</u>	<u>1,877</u>	<u>1,725</u>	<u>1,722</u>	<u>1,547</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	26,098	25,403	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	17.53%	16.25%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* The amounts presented for each fiscal year were determined (bi-annually) as of June 30.

Not Available = N/A

**\*\*Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The accompanying notes to financial statements should be read in conjunction with this schedule.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET  
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

**Change from adopted budget to final budget:**

Adopted budget		\$ 62,773,201
Add:		
Prior year's encumbrances		413,076
Add:		
Voter-approved use of Capital Reserve		<u>1,275,000</u>
Revised budget		<u>\$ 64,461,277</u>

**§ 1318 of real property tax law limit calculation:**

2015-16 voter-approved expenditure budget		<u>\$ 63,992,053</u>
Maximum allowed (4% of 2014-15 budget)		<u>\$ 2,559,682</u>

Fund balance subject to § 1318 of Real Property Tax Law:

Unrestricted fund balance:		
Assigned fund balance	\$ 588,100	
Unassigned fund balance	<u>2,564,848</u>	\$ 3,152,948
Less:		
Appropriated fund balance	120,000	
Encumbrances	<u>468,100</u>	<u>588,100</u>
Fund balance subject to § 1318 of Real Property Tax Law:		<u>\$ 2,564,848</u>
Actual percentage		<u>4.0%</u>

The accompanying notes to financial statements should be  
read in conjunction with this schedule.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Project Title	Expenditures					Methods of Financing					Fund Balance June 30, 2015	
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total		
<b>2009/2010 Capital Reserve Interfund Transfers</b>												
Goosehill Roof Boiler Room HVAC	\$ 177,000	\$ 29,787	\$ 15,830	\$ -	\$ 15,830	\$ 13,957	\$ -	\$ -	\$ 29,787	\$ 29,787	\$ 13,957	\$ 13,957
West Side Art Room/Bathrooms	182,900	115,587	111,467	-	111,467	4,120	-	-	115,587	115,587	4,120	4,120
Lloyd Harbor Science Wood Trim Exterior	-	38,000	37,870	-	37,870	130	-	-	38,000	38,000	130	130
High School Roof/Dock/Paving/Bleachers	767,000	993,135	990,297	-	990,297	2,838	-	-	993,135	993,135	2,838	2,838
High School Catch Basins	-	14,200	14,200	-	14,200	-	-	-	14,200	14,200	-	-
Budget Transfer from 2007 Capital Projects	310,427	-	-	-	-	-	-	-	-	-	-	-
Unassigned Contingency Appropriation	191,810	-	-	-	-	-	-	-	-	-	-	-
<b>2010/2011 Capital Reserve Interfund Transfers</b>												
Goosehill Roof Top Fans/Ventilation	-	130,000	68,643	-	68,643	61,357	-	-	130,000	130,000	61,357	61,357
Lloyd Harbor Science/Music Rooms/HVAC	431,290	550,718	542,871	-	542,871	7,847	-	-	550,718	550,718	7,847	7,847
High School Clocks/Doors/Windows	-	159,000	152,298	-	152,298	6,701	-	-	159,000	159,000	6,701	6,701
High School Traffic Improvements	-	30,000	25,995	-	25,995	4,005	-	-	30,000	30,000	4,005	4,005
<b>2011/2012 Capital Reserve Interfund Transfers</b>												
High School Roof and Tennis Courts	427,160	510,543	448,214	-	448,214	62,329	-	-	510,543	510,543	62,329	62,329
Lloyd Harbor Heating and Cooling Systems	257,970	503,502	501,531	-	501,531	1,971	-	-	503,502	503,502	1,971	1,971
West Side Heating and Cooling Sys/Masonry	965,970	404,434	401,882	-	401,882	2,552	-	-	404,434	404,434	2,552	2,552
District Wide Wireless Project	148,900	158,315	158,315	-	158,315	-	-	-	158,315	158,315	-	-
Budget Transfer to 2014/2015 Cap Reserve	(223,205)	-	-	-	-	-	-	-	-	-	-	-
<b>2012/2013 Energy Performance Contract</b>												
Goosehill Energy Performance Contract	359,375	359,375	309,951	49,424	359,375	-	359,375	-	-	359,375	-	-
West Side Energy Performance Contract	503,652	503,652	477,985	25,667	503,652	-	503,652	-	-	503,652	-	-
Lloyd Harbor Energy Performance Contract	730,692	730,692	697,633	33,059	730,692	-	730,692	-	-	730,692	-	-
High School Energy Performance Contract	2,345,681	2,345,681	2,113,757	231,924	2,345,681	-	2,345,681	-	-	2,345,681	-	-
<b>2012/2013 Capital Reserve Interfund Transfers</b>												
Goosehill Roof/Asphalt/Kitchen Hoods	308,640	308,735	58,008	243,155	301,163	7,572	-	-	308,735	308,735	7,572	7,572
West Side Music Room/Kitchen Hoods	290,000	307,000	241,496	45,757	287,253	19,747	-	-	307,000	307,000	19,747	19,747
Lloyd Harbor HVAC/PA/Casework	592,110	625,695	501,415	67,419	568,834	56,861	-	-	625,695	625,695	56,861	56,861
High School HVAC/Roof/Track	636,250	583,570	95,728	477,885	573,613	9,957	-	-	583,570	583,570	9,957	9,957
<b>2013/2014 Capital Reserve Interfund Transfers</b>												
Goosehill Case Work/HVAC/Security/Tanks	211,450	226,450	7,932	213,335	221,267	5,183	-	-	226,450	226,450	5,183	5,183
West Side Case Work/Security/Fuel Tanks	263,965	223,600	11,146	166,289	177,435	46,165	-	-	223,600	223,600	46,165	46,165
Lloyd Harbor Asphalt/Alarm/Main Office	670,133	695,498	30,005	170,336	200,341	495,157	-	-	695,498	695,498	495,157	495,157
High School Lot Drainage/HVAC/Security	404,452	404,452	23,654	294,665	318,319	86,133	-	-	404,452	404,452	86,133	86,133
High School Storage Building	50,000	50,000	4,359	2,036	6,395	43,605	-	-	50,000	50,000	43,605	43,605
<b>2014/2015 Capital Reserve Interfund Transfers</b>												
Goosehill Asbestos/Playground	234,000	234,000	-	229,542	229,542	4,458	-	-	234,000	234,000	4,458	4,458
West Side Ceilings and Condensate Pumps	145,366	145,366	-	6,072	6,072	139,294	-	-	145,366	145,366	139,294	139,294
Lloyd Harbor Condensate Pumps and Drywells	132,340	132,340	-	5,569	5,569	126,771	-	-	132,340	132,340	126,771	126,771
High School Asbestos/Science Rooms/Bathrooms	956,500	956,500	-	37,348	37,348	919,152	-	-	956,500	956,500	919,152	919,152
District Wide Rooftop Exhaust Fans	30,000	30,000	-	-	-	30,000	-	-	30,000	30,000	30,000	30,000
<b>Totals</b>	<b>\$ 12,499,827</b>	<b>\$ 12,499,827</b>	<b>\$ 8,042,483</b>	<b>\$ 2,299,482</b>	<b>\$ 10,341,965</b>	<b>\$ 2,157,862</b>	<b>\$ 3,939,400</b>	<b>\$ -</b>	<b>\$ 8,560,427</b>	<b>\$ 12,499,827</b>	<b>\$ 2,157,862</b>	<b>\$ 2,157,862</b>

The accompanying notes to financial statements should be read in conjunction with this schedule.

OTHER  
SUPPLEMENTARY  
INFORMATION

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT  
NET INVESTMENT IN CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2015

Capital assets, net		\$ 39,431,724
Deduct:		
Short-term portion of bonds payable	\$ 2,366,250	
Long-term portion of bonds payable	16,517,496	
Short-term installment purchase debt payable	232,861	
Long-term installment purchase debt payable	<u>3,570,913</u>	<u>22,687,520</u>
Net investment in capital assets		<u>\$ 16,744,204</u>

The accompanying notes to financial statements should be  
read in conjunction with this schedule.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**TABLE OF CONTENTS**

Independent Auditor's Report On Extraclassroom Activity Funds Financial Statement	60
Financial Statement:	
Cash Receipts And Disbursements:	
High School	62
Note To Financial Statement	63



**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON EXTRACLASROOM  
ACTIVITY FUNDS FINANCIAL STATEMENT**

To the Board of Education of the  
Cold Spring Harbor Central School District  
Cold Spring Harbor, New York:

We have audited the accompanying statement of cash receipts and disbursements of the various Extracurricular Activity Funds of the Cold Spring Harbor Central School District (the "District") for the year ended June 30, 2015, and the related note to the financial statement, which collectively comprise the financial statement of the District's Extracurricular Activity Funds.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement 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 fraud or error.

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 statement.

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

# NawrockiSmith

## *Opinion*

In our opinion, the statement of cash receipts and disbursements referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Extraclassroom Activity Funds of the Cold Spring Harbor Central School District for the year ended June 30, 2015 in accordance with the basis of accounting described in Note 1.

## *Basis of Accounting*

We draw attention to Note 1 of this financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Melville, New York  
August 18, 2015

*Nawrocki Smith LLP*

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Cash Balances July 1, 2014	Receipts	Disbursements	Cash Balances June 30, 2015
High School:				
Class of 2014	\$ 6,316.37	\$ -	\$ 0.37	\$ 6,316.00
Class of 2015	5,893.70	24,364.73	23,639.13	6,619.30
Class of 2016	4,376.12	25,708.54	23,592.01	6,492.65
Class of 2017	1,533.39	2,004.99	562.19	2,976.19
Class of 2018	-	1,009.50	-	1,009.50
Amnesty International	80.00	-	80.00	-
Aviation Club	3,223.65	460.44	264.70	3,419.39
Book Club	100.00	-	-	100.00
Brainstormers	5.75	-	-	5.75
Cheerleaders	103.92	-	-	103.92
Drama Club	2,578.13	5,338.13	6,643.35	1,272.91
Environmental Club	297.39	-	-	297.39
Fashion Club	1,880.39	0.18	-	1,880.57
French Club	1,603.92	19,259.84	19,159.33	1,704.43
Future Business Leaders	279.85	224.00	306.48	197.37
Gay/Straight Alliance	640.90	600.00	-	1,240.90
History Club	260.47	-	-	260.47
Holocaust Project	246.89	400.00	-	646.89
International Club	4,415.95	1,017.66	322.00	5,111.61
Jr. High Student Organization	9,424.32	41.29	1,374.23	8,091.38
Literary Magazine	1,678.74	1,160.18	499.68	2,339.24
Locks of Love	3,413.03	2,674.52	1,100.00	4,987.55
Model United Nations	475.50	17,606.00	15,002.00	3,079.50
Musical Club (Jr. High)	13,553.86	7,972.63	12,477.63	9,048.86
Musical Club (Sr. High)	2,424.71	10,443.94	9,908.46	2,960.19
Natural Helpers	464.74	834.00	78.75	1,219.99
National Honor Society	0.40	-	0.40	-
Newspaper	915.78	-	-	915.78
Outreach	62.03	-	-	62.03
Political Science Club	340.09	-	-	340.09
Recording Music Club	-	1,000.00	114.01	885.99
Robotics Club	2,000.00	1,634.79	2,978.86	655.93
S.A.D.D.	211.42	-	-	211.42
S.W.W.A.T.: Other	-	647.00	-	647.00
Science Club	137.61	330.00	395.70	71.91
Spanish Club	2,997.22	0.86	-	2,998.08
Speech & Debate Club	15,259.38	6,848.78	6,929.60	15,178.56
Sr. High Art Club	6,083.09	0.82	632.50	5,451.41
Student Booster Club	209.25	-	-	209.25
Student Organization	22,989.12	5,778.99	10,124.52	18,643.59
Technology Club	9,718.57	6,909.01	10,210.05	6,417.53
Warhammer Club	54.25	-	-	54.25
Varsity Club	372.79	-	-	372.79
Vocal Chamber Ensemble	26.73	1,961.00	1,933.90	53.83
Yearbook (Jr. High)	3,823.65	1,485.28	3,334.92	1,974.01
Yearbook (Sr. High)	28,156.75	3,766.36	818.12	31,104.99
	<u>\$ 158,629.82</u>	<u>\$ 151,483.46</u>	<u>\$ 152,482.89</u>	<u>\$ 157,630.39</u>

The accompanying note is an integral  
part of this financial statement.



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**NOTE TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Cold Spring Harbor Central School District.

The accounts of the Extraclassroom Activity Funds of the District are maintained on a cash basis, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, 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 of America, and which may be material in amount, are not recognized in the accompanying financial statements.



**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education of the  
Cold Spring Harbor Central School District  
Cold Spring Harbor, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and fiduciary funds of the Cold Spring Harbor Central School District (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 18, 2015.

***Internal Control Over Financial Reporting***

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

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

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

# NawrockiSmith

## ***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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## ***Purpose of this Report***

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

Melville, New York  
August 18, 2015

*Nawrocki Smith LLP*

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**CURRENT YEAR FINDING:**

1. User permissions

During our review of the District's user permissions, we noted instances where Business Office employees have user permissions within the Finance Manager System which conflict with, or are not required, in order to perform their job duties. This results in a potential segregation of duties issue and the risk that unauthorized transactions can be entered into the financial accounting system and go undetected.

We recommend that the user permissions for Business Office employees be reviewed and updated to include only permissions that are necessary for performing their job duties. This review should be documented and performed on an annual basis. In this manner, internal control over the District's financial accounting system may be enhanced.

**STATUS OF PRIOR YEAR RECOMMENDATIONS:**

1. Capital Projects Fund balance

We recommended that the District review and formally close out completed projects and redirect the fund balances as deemed appropriate.

Status - We noted that this recommendation is in the process of being implemented.

2. Extraclassroom Activity Funds - inactive clubs

We recommended that the District review and evaluate any inactive clubs and merge the funds with other appropriate activities.

Status - We noted that this recommendation has not been implemented.

3. Vendor maintenance

We recommended that the District develop policies and procedures to include the following:

- (1) Performing periodic reviews of the vendor database to ensure consistency and appropriateness of stored data.
- (2) Periodically reviewing any changes or deletions to vendor data listed in the existing vendor master file.
- (3) Limiting the amount of time a vendor can remain in an "active" status but not be used.

Status - We noted that this recommendation is in the process of being implemented.

4. Review of purchase orders

We recommended that controls and procedures be in place to ensure that all purchases are reviewed for accuracy, completeness and agreement with purchase orders and that purchase orders are completed on a timely basis.

Status - We noted that this recommendation is in the process of being implemented.