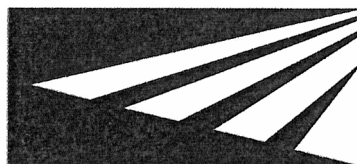


COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
COLD SPRING HARBOR, NEW YORK
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
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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, 2014, 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, 2014, 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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress for the retiree health plan, on pages 3-13, 45 and 46 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 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 1, 2014, 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 1, 2014



COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The following is a discussion and analysis of the Cold Spring Harbor Central School District's (the "District") financial performance for the fiscal year ended June 30, 2014. 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 4.0% as a result of increased real property taxes offset by decreased operating grants;
- 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 \$1,900,477 to the Reserve.

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.
- *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.

Table A-1: Major Features of the District-Wide and Fund Financial Statements			
	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"> • Statement of Net Position • Statement of Activities and Changes in Net Position 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred 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 Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, 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 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 statements, reconciliations of the District-wide and governmental funds 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 decreased by 90.6% from the year before to a net position balance of \$259,259, as detailed in Tables A-2 and A-3.

The restricted net position balance of \$9,599,494 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2014, the District has an unrestricted net deficit position of \$24,026,028. This deficit is primarily driven by the District's required recognition of its obligation for post-employment benefits which currently totals \$27,020,821. This obligation will continue to grow into the future (see Note 11 to the accompanying financial statements) resulting in a greater unrestricted net deficit position.

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

	<u>6/30/14</u>	<u>6/30/13</u>	<u>% Change</u>
Current and other assets	\$ 21,895,277	\$ 21,388,268	2.4
Capital assets, net	<u>39,734,200</u>	<u>38,484,809</u>	3.2
Total assets	<u>\$ 61,629,477</u>	<u>\$ 59,873,077</u>	2.9
Current liabilities	\$ 8,349,915	\$ 6,715,192	24.3
Long-term liabilities	<u>51,691,296</u>	<u>48,937,406</u>	5.6
Total liabilities	60,041,211	55,652,598	7.9
Deferred inflows	<u>1,329,007</u>	<u>1,453,920</u>	(8.6)
Total liabilities and deferred inflows	<u>\$ 61,370,218</u>	<u>\$ 57,106,518</u>	7.5
Net position:			
Net investment in capital assets	\$ 14,685,793	\$ 11,370,051	29.2
Restricted	9,599,494	10,915,897	(12.1)
Unrestricted (deficit)	<u>(24,026,028)</u>	<u>(19,519,389)</u>	23.1
Total net position	<u>\$ 259,259</u>	<u>\$ 2,766,559</u>	(90.6)

As of June 30, 2014, the District had positive working capital of \$13,545,362 as compared to \$14,673,076 as of June 30, 2013, due to an increase in cash of approximately \$300,000, offset by an increase in due to teachers' retirement system of approximately \$1.1 million.

As of June 30, 2014, the District had an investment in capital assets of \$39,734,200 as compared to \$38,484,809. The increase is due to current year outlay for ongoing capital projects offset by depreciation charges.

Long-term liabilities increased \$2,753,890 primarily due to the continued recognition of the other-post employment benefits obligation liability, with a current year charge of \$4,750,208.

Changes in Net Position

The District's fiscal year 2014 revenues totaled \$62,781,243 (See Table A-3). Property and other taxes and state sources accounted for most of the District's revenue by contributing 88 cents and 5 cents, respectively, of every dollar raised (See Table A-4). The remainder came from other charges for services, operating grants, miscellaneous, and use of money and property.

Revenues increased 4.0%, or \$2,395,024, primarily as a direct result of an increase in real property taxes of \$1,731,192 (based on assessed valuation).

The District's fiscal year 2014 expenses totaled \$65,288,543 (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>6/30/14</u>	<u>6/30/13</u>	<u>% Change</u>
Revenues			
Program revenues:			
Charges for services	\$ 1,112,588	\$ 1,060,650	4.9
Operating grants	461,868	641,012	(27.9)
General revenues:			
Real property taxes	55,387,952	53,656,760	3.2
Other tax items	1,712,074	1,738,330	(1.5)
State sources	3,225,524	2,948,961	9.4
Federal sources - Medicaid	7,606	21,587	(64.8)
Use of money and property	27,867	33,301	(16.3)
Miscellaneous	845,764	285,618	196.1
Total revenues	<u>62,781,243</u>	<u>60,386,219</u>	4.0
Expenses			
General support	9,388,583	8,041,957	16.7
Instruction	50,040,118	50,253,772	(0.4)
Pupil transportation	4,041,978	4,198,089	(3.7)
Community services	555	607	(8.6)
Debt service - interest	1,016,435	1,038,323	(2.1)
School lunch program	800,874	777,712	3.0
Total expenses	<u>65,288,543</u>	<u>64,310,460</u>	1.5
Decrease in net position	<u>\$ (2,507,300)</u>	<u>\$ (3,924,241)</u>	(36.1)

Table A-4: Sources of Revenues for Fiscal Year 2014

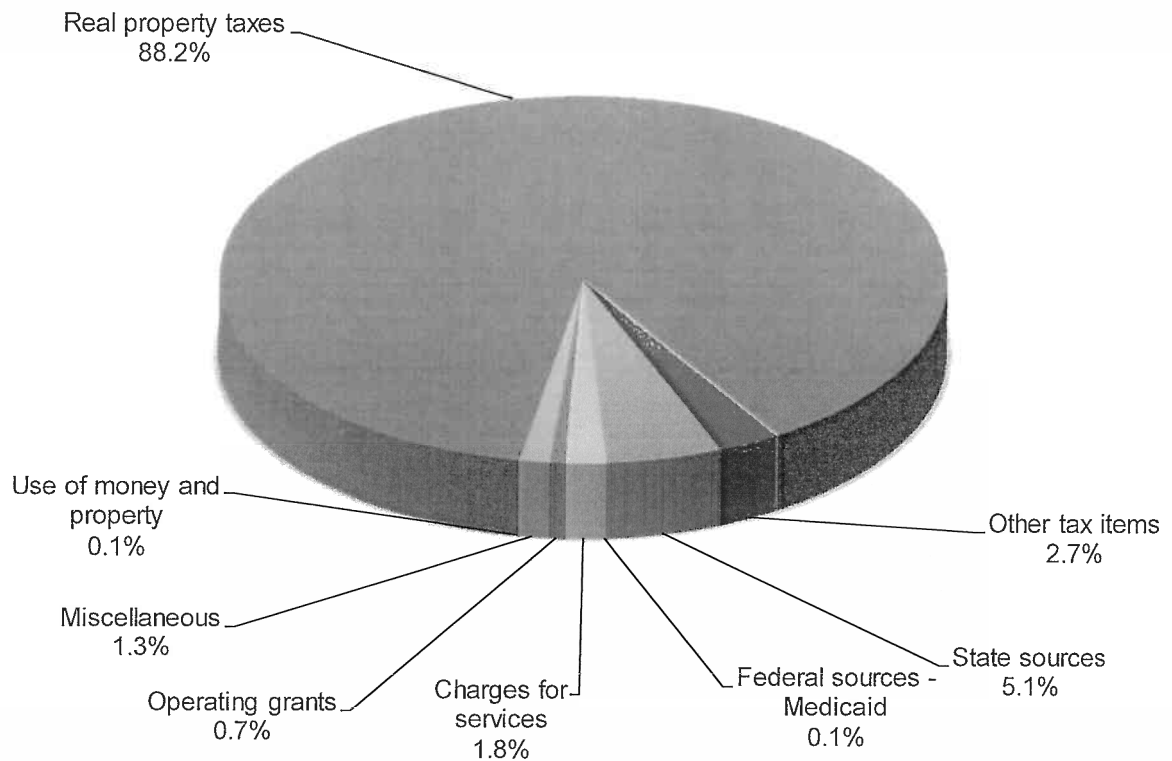


Table A-5: Sources of Revenues for Fiscal Year 2013

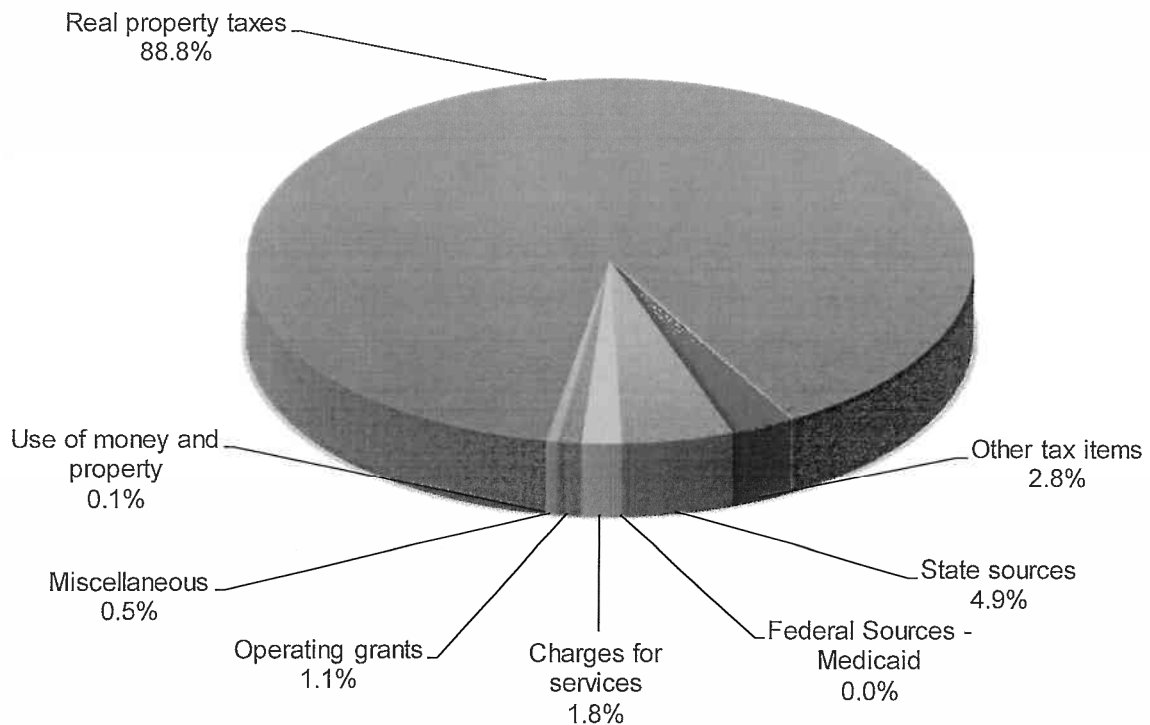


Table A-6: Expenses for Fiscal Year 2014

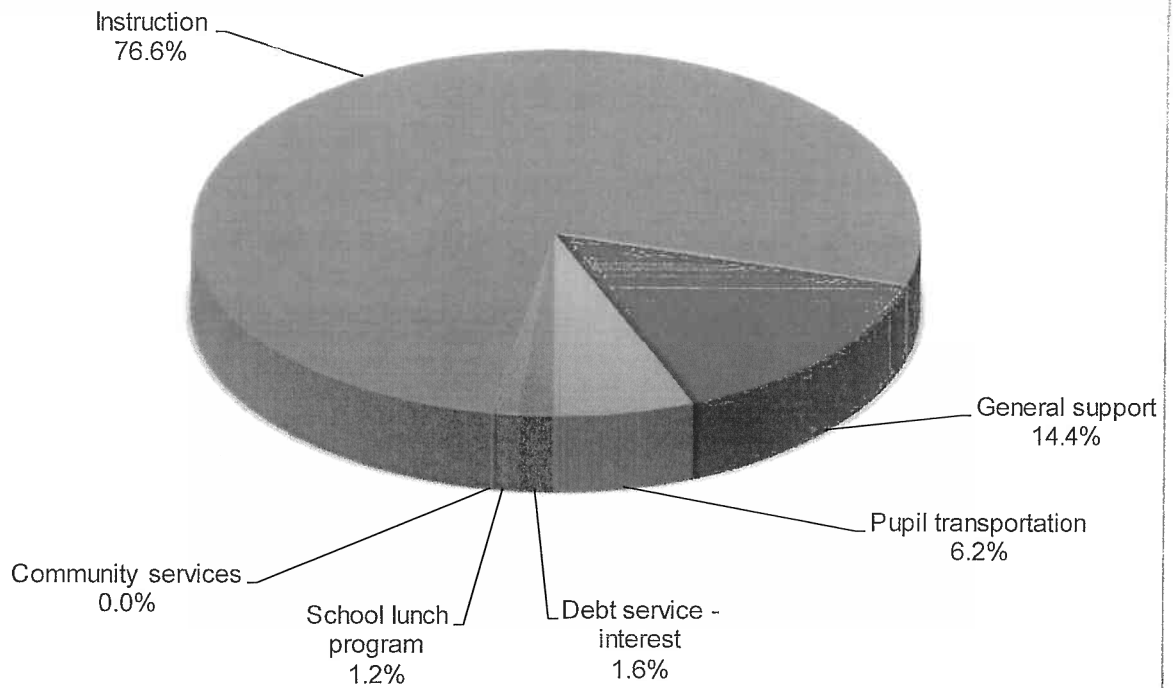
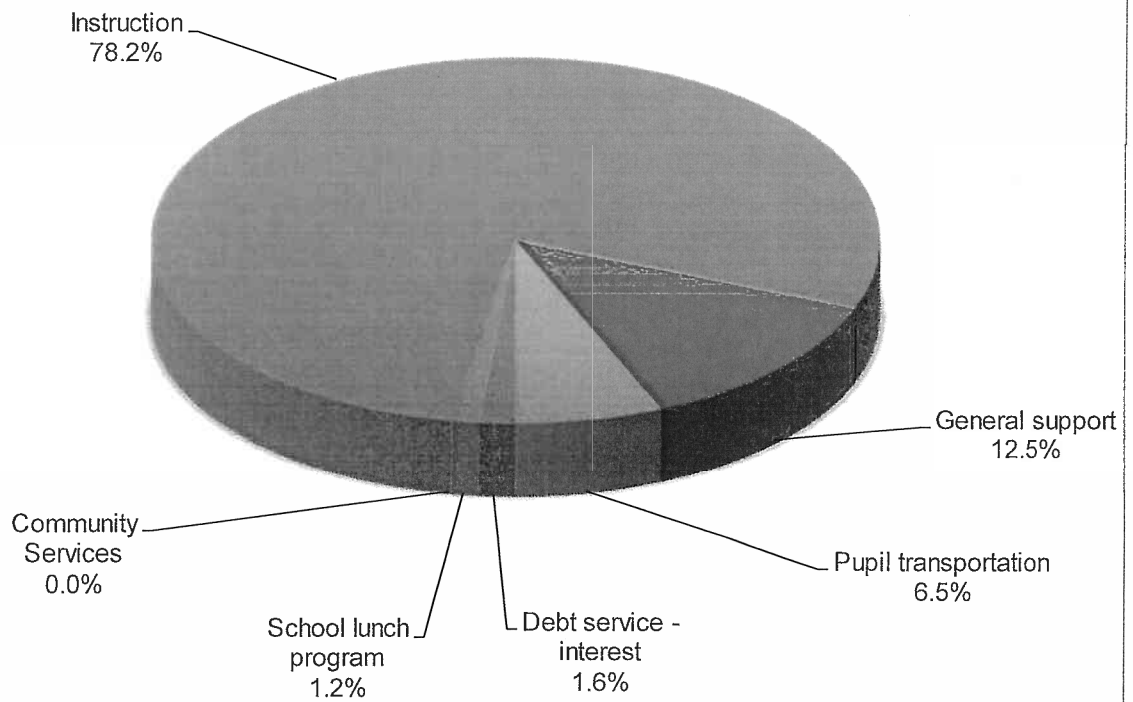


Table A-7: Expenses for Fiscal Year 2013



Governmental Activities

Revenues for the District's governmental activities totaled \$62,781,243 while total expenses were \$65,288,543. Therefore, the decrease in net position for governmental activities was \$2,507,300 in 2014. The District's financial condition was negatively affected by:

- Continued recognition of the liability for benefits provided to retirees other than pensions (OPEB).

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

At June 30, 2014, the District's governmental funds reported a combined fund balance of \$13,015,151, which is a decrease of \$1,298,150 from June 30, 2013. Fund balances for the District's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds

	<u>6/30/14</u>	<u>6/30/13</u>	<u>% Change</u>
General Fund			
Restricted:			
Capital Reserve	\$ 2,275,000	\$ 1,974,523	15.2
Employee Benefit Accrued Liability	1,920,957	2,026,547	(5.2)
Unemployment Insurance	250,001	200,116	24.9
Workers' Compensation	650,000	600,037	8.3
Tax Reduction	347,340	347,340	0.0
Assigned:			
Designated for subsequent year's expenditures	480,000	480,000	0.0
Encumbrances	413,076	444,264	(7.0)
Unassigned	<u>2,510,928</u>	<u>2,460,171</u>	2.1
Total General Fund	<u>8,847,302</u>	<u>8,532,998</u>	3.7
School Lunch Fund			
Nonspendable:			
Inventory	11,020	12,969	(15.0)
Restricted:			
School Lunch Fund	318,404	236,801	34.5
Assigned:			
Encumbrances	<u>633</u>	<u>-</u>	100.0
Total School Lunch Fund	<u>330,057</u>	<u>249,770</u>	32.1

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

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

Capital Projects Fund

Restricted:

Capital Projects Fund	<u>3,192,907</u>	<u>4,885,648</u>	(34.6)
Total Capital Projects Fund	<u>3,192,907</u>	<u>4,885,648</u>	(34.6)
Total fund balance	<u>\$ 13,015,151</u>	<u>\$ 14,313,301</u>	(9.1)

General Fund Budgetary Highlights

Reference is made to the supplementary schedule on page 45 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 \$343,000.
- Actual expenditures were approximately \$2,712,000 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, 2014, the District's unassigned fund balance was \$2,510,928 which was within the allowable 4% of the subsequent year's budget (\$62,773,201) as promulgated by New York State (see page 47). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2014.

Unassigned fund balance, beginning of year	\$ 2,460,171
Add:	
Prior-year appropriated fund balance	480,000
Prior-year encumbrances	444,264
Voter approved use of Capital Reserve	1,600,000
Board approved increase of Employee Benefit Accrued Liability Reserve	105,590
Less:	
Net change in fund balance	314,304
Current-year appropriated fund balance	(480,000)
Current-year encumbrances	(413,076)
Transfer to Capital Reserve	(1,900,477)
Transfer to Unemployment Insurance Reserve	(49,885)
Transfer to Workers' Compensation Reserve	(49,963)
	<u>\$ 2,510,928</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2014, the District had invested \$39,734,200 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.

Table A-9: Capital Assets (net of depreciation)			
	<u>6/30/14</u>	<u>6/30/13</u>	<u>% Change</u>
Land	\$ 125,075	\$ 125,075	0.0
Construction-in-progress	8,185,564	5,885,520	39.1
Buildings and building improvements	30,994,366	32,038,124	(3.3)
Furniture and equipment	429,195	436,090	(1.6)
Totals	<u>\$ 39,734,200</u>	<u>\$ 38,484,809</u>	3.2

Long-Term Debt

At year-end, the District had \$54,232,087 in general obligation bonds and other long-term debt.

Table A-10: Outstanding Long-Term Debt			
<u>Category</u>	<u>6/30/14</u>	<u>6/30/13</u>	<u>% Change</u>
General obligation bonds	\$ 19,780,000	\$ 21,765,000	(9.1)
Installment purchase debt payable	3,939,400	3,939,400	0.0
Workers' compensation claims payable	330,969	261,909	26.4
Other post-employment benefits	27,020,821	22,270,613	21.3
Compensated absences	3,160,897	2,993,361	5.6
Totals	<u>\$ 54,232,087</u>	<u>\$ 51,230,283</u>	5.9

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.
- Significant increases in the cost of health insurance and contributions to the retirement systems continue to place a greater burden on the District's finances. The New York State Comptroller has announced that the employer contribution rate for the State's Retirement System will be higher in 2015. Contributions to the State Retirement Systems are one of the exemptions to the "Tax Levy Limitation Law".

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, 2014

ASSETS

Current assets:		
Cash:		
Unrestricted	\$	13,546,597
Restricted		6,856,209
Receivables:		
State and federal aid		846,700
Taxes		452,674
Due from fiduciary funds		11,733
Other receivables		170,344
Inventories		11,020
Total current assets		21,895,277
Noncurrent assets:		
Capital assets, net of accumulated depreciation of \$29,716,214		39,734,200
Total assets	\$	61,629,477

LIABILITIES

Current liabilities:		
Payables:		
Accounts payable	\$	209,465
Accrued liabilities		502,222
Due to other governments		30,439
Accrued interest payable		354,175
Due to teachers' retirement system		4,287,014
Due to employees' retirement system		380,404
Long-term liabilities, due within one year:		
Installment purchase debt payable		135,626
Bonds payable		2,080,000
Compensated absences		325,165
Unearned revenues:		
School lunch sales received in advance		45,405
Total current liabilities		8,349,915
Noncurrent liabilities:		
Long-term liabilities, due after one year:		
Installment purchase debt payable		3,803,774
Bonds payable		17,700,000
Compensated absences		2,835,732
Workers' compensation claims payable		330,969
Other post-employment benefits		27,020,821
Total noncurrent liabilities		51,691,296
Total liabilities		60,041,211

DEFERRED INFLOWS OF RESOURCES

Premium on obligations	46,863
Deferred inflows from issuance of bonds, net of amortization	1,282,144
Total deferred inflows of resources	1,329,007
Total liabilities and deferred inflows of resources	61,370,218

NET POSITION

Net investment in capital assets	14,685,793
Restricted:	
Capital Reserve	2,275,000
Employee Benefit Accrued Liability	1,920,957
Unemployment Insurance	250,001
Workers' Compensation	650,000
Tax Reduction	347,340
School Lunch Fund	318,404
Debt Service Fund	644,885
Capital Projects Fund	3,192,907
Unrestricted	(24,026,028)
Total net position	259,259
Total liabilities, deferred inflows of resources and net position	\$ 61,629,477

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, 2014

	Expenses	Charges for Services	Program Revenues Operating Grants	Net (Expense) Revenue and Changes in Net Position
Functions and programs:				
General support	\$ 9,388,583	\$ -	\$ -	\$ (9,388,583)
Instruction	50,040,118	278,806	382,093	(49,379,219)
Pupil transportation	4,041,978	18,400	26,895	(3,996,683)
Community services	555	-	-	(555)
Debt service - interest	1,016,435	-	-	(1,016,435)
School lunch program	800,874	815,382	52,880	67,388
Total functions and programs	<u>\$ 65,288,543</u>	<u>\$ 1,112,588</u>	<u>\$ 461,868</u>	<u>(63,714,087)</u>
General revenues:				
Real property taxes				55,387,952
Other tax items				1,712,074
Use of money and property				27,867
State sources				3,225,524
Federal sources - Medicaid				7,606
Miscellaneous				845,764
Total general revenues				<u>61,206,787</u>
Change in net position				<u>(2,507,300)</u>
Total net position, beginning of year				<u>2,766,559</u>
Total net position, end of year				<u>\$ 259,259</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, 2014

ASSETS		General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
Cash:							
Unrestricted		\$ 13,504,061	\$ -	\$ 42,536	\$ -	\$ -	\$ 13,546,597
Restricted		5,443,298	17,136	318,404	645,972	431,399	6,856,209
Receivables:							
State and federal aid		683,253	158,700	4,747	-	-	846,700
Taxes		452,674	-	-	-	-	452,674
Due from other funds		166,903	-	9,760	-	2,767,108	2,943,771
Due from fiduciary funds		11,733	-	-	-	-	11,733
Other receivables		165,494	-	4,850	-	-	170,344
Inventories		-	-	11,020	-	-	11,020
Total assets		<u>\$ 20,427,416</u>	<u>\$ 175,836</u>	<u>\$ 391,317</u>	<u>\$ 645,972</u>	<u>\$ 3,198,507</u>	<u>\$ 24,839,048</u>
LIABILITIES							
Payables:							
Accounts payable		\$ 181,853	\$ 6,860	\$ 15,152	\$ -	\$ 5,600	\$ 209,465
Accrued liabilities		498,413	3,160	649	-	-	502,222
Due to other funds		2,776,868	165,816	-	1,087	-	2,943,771
Due to other governments		30,385	-	54	-	-	30,439
Due to teachers' retirement system		4,287,014	-	-	-	-	4,287,014
Due to employees' retirement system		380,404	-	-	-	-	380,404
Compensated absences		3,160,897	-	-	-	-	3,160,897
Unearned revenues:							
School lunch sales received in advance		-	-	45,405	-	-	45,405
Total liabilities		<u>11,315,834</u>	<u>175,836</u>	<u>61,260</u>	<u>1,087</u>	<u>5,600</u>	<u>11,559,617</u>
DEFERRED INFLOWS OF RESOURCES							
State sources		<u>264,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,280</u>
Total deferred inflows of resources		<u>264,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,280</u>
Total liabilities and deferred inflows of resources		<u>11,580,114</u>	<u>175,836</u>	<u>61,260</u>	<u>1,087</u>	<u>5,600</u>	<u>11,823,897</u>
FUND BALANCE							
Fund balance:							
Nonspendable		-	-	11,020	-	-	11,020
Restricted		5,443,298	-	318,404	644,885	3,192,907	9,599,494
Assigned		893,076	-	633	-	-	893,709
Unassigned		2,510,928	-	-	-	-	2,510,928
Total fund balance		<u>8,847,302</u>	<u>-</u>	<u>330,057</u>	<u>644,885</u>	<u>3,192,907</u>	<u>13,015,151</u>
Total liabilities, deferred inflows of resources and fund balance		<u>\$ 20,427,416</u>	<u>\$ 175,836</u>	<u>\$ 391,317</u>	<u>\$ 645,972</u>	<u>\$ 3,198,507</u>	<u>\$ 24,839,048</u>

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, 2014

Total Fund Balance - Governmental Funds	\$ 13,015,151
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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	\$ 8,310,639	
Depreciable	61,139,775	
Accumulated depreciation	(29,716,214)	39,734,200

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	(19,780,000)	
Installment purchase debt payable	(3,939,400)	
Workers' compensation claims payable	(330,969)	
Other post-employment benefits	(27,020,821)	(51,071,190)

Premiums on obligations	(46,863)
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Deferred inflows from issuance of bonds, net of amortization	(1,282,144)
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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.	264,280
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Interest payable 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.	(354,175)
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Net Position - Governmental Activities	\$ 259,259
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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, 2014

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 55,387,952	\$ -	-	\$ -	-	\$ 55,387,952
Other tax items	1,712,074	-	-	-	-	1,712,074
Charges for services	297,206	-	-	-	-	297,206
Use of money and property	27,447	-	420	-	-	27,867
State sources	2,961,244	64,337	9,490	-	-	3,035,071
Federal sources	18,511	333,746	43,390	-	-	395,647
Local sources	-	-	-	-	428,000	428,000
Sales	-	-	815,382	-	-	815,382
Miscellaneous	277,071	-	12,479	-	-	289,550
Total revenues	60,681,505	398,083	881,161	-	428,000	62,388,749
EXPENDITURES						
General support	6,594,783	-	445,769	-	-	7,040,552
Instruction	31,636,410	394,167	-	-	-	32,030,577
Pupil transportation	3,982,042	20,000	-	-	-	4,002,042
Community services	555	-	-	-	-	555
Employee benefits	13,552,659	-	30,675	-	-	13,583,334
Debt service -						
Principal	1,985,000	-	-	-	-	1,985,000
Interest	1,046,531	-	-	-	-	1,046,531
Cost of sales	-	-	324,430	-	-	324,430
Capital outlay	-	-	-	-	3,720,741	3,720,741
Total expenditures	58,797,980	414,167	800,874	-	3,720,741	63,733,762
Excess (deficiency) of revenues over (under) expenditures	1,883,525	(16,084)	80,287	-	(3,292,741)	(1,345,013)
OTHER FINANCING SOURCES (USES)						
Premium on obligations	46,863	-	-	-	-	46,863
Operating transfers in	-	16,084	-	-	1,600,000	1,616,084
Operating transfers out	(1,616,084)	-	-	-	-	(1,616,084)
Total other financing sources (uses)	(1,569,221)	16,084	-	-	1,600,000	46,863
Change in fund balance	314,304	-	80,287	-	(1,692,741)	(1,298,150)
Fund balance, beginning of year	8,532,998	-	249,770	644,885	4,885,648	14,313,301
Fund balance, end of year	\$ 8,847,302	\$ -	\$ 330,057	\$ 644,885	\$ 3,192,907	\$ 13,015,151

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, 2014

Net Change in Fund Balance - Governmental Funds	\$ (1,298,150)
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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 capital outlay exceeds depreciation in the current period is:

Capital outlay	\$ 3,810,248	
Depreciation expense	<u>(2,560,857)</u>	1,249,391

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	264,280
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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.

Repayment of bond principal	<u>1,985,000</u>	1,985,000
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Deferred inflows from issuance of bonds, net of amortization	128,214
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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	(4,750,208)	
Premiums on obligations	(46,863)	
Workers' compensation claims payable	(69,060)	
Accrued interest costs	<u>30,096</u>	<u>(4,836,035)</u>

Net Change in Net Position - Governmental Activities	<u>\$ (2,507,300)</u>
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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, 2014

ASSETS	Scholarship Trusts	Agency Funds
Cash:		
Unrestricted	\$ 21,323	\$ -
Restricted	-	445,343
	<hr/>	<hr/>
Total assets	<u>\$ 21,323</u>	<u>\$ 445,343</u>
LIABILITIES		
Extraclassroom activity balances	\$ -	\$ 158,630
Other liabilities	-	274,980
Due to other funds	-	11,733
	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>\$ 445,343</u>
NET POSITION		
Restricted:		
Endowment scholarships	<u>21,323</u>	
	<hr/>	
Total net position	<u>21,323</u>	
	<hr/>	
Total liabilities and net position	<u>\$ 21,323</u>	

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, 2014

	<u>Scholarship Trusts</u>
ADDITIONS	
Contributions	\$ 1,110
Investment earnings:	
Interest	<u>43</u>
Total additions	<u>1,153</u>
DEDUCTIONS	
Scholarships and awards	<u>5,767</u>
Total deductions	<u>5,767</u>
Change in net position	(4,614)
Net position, beginning of year	<u>25,937</u>
Net position, end of year	<u><u>\$ 21,323</u></u>

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, 2014

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 \$1,527,106 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$316,095.

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

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 1st and April 1st. 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 1st.

Real property taxes for the Town of Huntington residents are levied annually by the Board of Education no later than November 1st, and become a lien on December 1st. 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 30th, 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 10 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 and useful lives of long-lived assets.

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 inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and 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 of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

O. Deferred inflows of resources/unearned revenues

Deferred inflows of resources are defined as an acquisition of net position by the government that is applicable to future periods. Deferred inflows are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the deferred inflow/unearned revenue is removed and revenues are recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available. In the current year, these amounts are recognized as deferred inflows of resources.

Many deferred inflows of resources or unearned revenues recorded in governmental funds are not recorded in the District-wide statements.

P. 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.

Q. Other benefits

District employees participate in the New York State Employees' Retirement System ("NYSERS") and the New York State Teachers' Retirement System ("NYSTRS").

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.

R. Short-term debt

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

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

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.

S. Accrued liabilities and long-term obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments 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.

T. 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 \$11,020.
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 school 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, 2014.
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, 2014 and amounted to \$413,076.
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, 2014 were distributed as follows:

	General	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
Nonspendable					
Inventory	\$ -	\$ 11,020	\$ -	\$ -	\$ 11,020
Total nonspendable	-	11,020	-	-	11,020
Restricted					
Capital Reserve	2,275,000	-	-	-	2,275,000
Employee Benefit Accrued Liability	1,920,957	-	-	-	1,920,957
Unemployment Insurance	250,001	-	-	-	250,001
Workers' Compensation	650,000	-	-	-	650,000
Tax Reduction	347,340	-	-	-	347,340
School Lunch Fund	-	318,404	-	-	318,404
Debt Service Fund	-	-	644,885	-	644,885
Capital Projects Fund	-	-	-	3,192,907	3,192,907
Total restricted	5,443,298	318,404	644,885	3,192,907	9,599,494
Assigned					
Designated for subsequent year's expenditures	480,000	-	-	-	480,000
Encumbrances	413,076	633	-	-	413,709
Total assigned	893,076	633	-	-	893,709
Unassigned	2,510,928	-	-	-	2,510,928
Total	<u>\$ 8,847,302</u>	<u>\$ 330,057</u>	<u>\$ 644,885</u>	<u>\$ 3,192,907</u>	<u>\$ 13,015,151</u>

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 three 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.

3. 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>\$ 1,600,000</u>
---------------------------------------	---------------------

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.

4. **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	\$ 20,708,216

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 \$6,856,209 in the governmental funds and \$445,343 in the fiduciary funds.

5. **RECEIVABLES**

A. Due from State and federal aid

Due from State and federal aid at June 30, 2014, consisted of the following:

General Fund	
New York State Aid - excess cost aid	\$ 580,376
BOCES aid	102,877
Special Aid Fund	
State and federal grants	158,700
School Lunch Fund	
School breakfast and lunch reimbursement	4,747
Totals	<u>\$ 846,700</u>

B. Other receivables

Other receivables at June 30, 2014, consisted of the following:

General Fund	
Foster tuition	\$ 165,494
School Lunch Fund	
Sales	4,850
	<u>\$ 170,344</u>

6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2014 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	5,885,520	3,720,741	(1,420,697)	8,185,564
Total nondepreciable assets	6,010,595	3,720,741	(1,420,697)	8,310,639
Capital assets that are depreciated:				
Buildings and building improvements	59,382,495	-	200,366	59,582,861
Furniture and equipment	1,258,735	89,507	208,672	1,556,914
Total depreciable assets	60,641,230	89,507	409,038	61,139,775
Less accumulated depreciation:				
Buildings and building improvements	27,344,371	2,515,282	(1,271,158)	28,588,495
Furniture and equipment	822,645	45,575	259,499	1,127,719
Total accumulated depreciation	28,167,016	2,560,857	(1,011,659)	29,716,214
Total capital assets, net	<u>\$ 38,484,809</u>	<u>\$ 1,249,391</u>	<u>\$ -</u>	<u>\$ 39,734,200</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 304,690
Instruction	2,251,175
Pupil transportation	4,992
	<u>\$ 2,560,857</u>

7. SHORT-TERM DEBT OBLIGATIONS

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN matured at 6/26/14 at 1.25%	\$ -	\$ 7,100,000	\$ 7,100,000	\$ -

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

Interest paid	\$ 59,906
Less interest accrued in the prior year	-
Plus interest accrued in the current year	-
Interest paid	<u>\$ 59,906</u>

8. 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	\$ 21,765,000	\$ -	\$ 1,985,000	\$ 19,780,000	\$ 2,080,000
Installment purchase debt payable	3,939,400	-	-	3,939,400	135,626
Workers' compensation claims payable	261,909	69,060	-	330,969	-
Other post-employment benefits	22,270,613	6,968,580	2,218,372	27,020,821	-
Compensated absences	2,993,361	475,413	307,877	3,160,897	325,165
Total long-term liabilities	<u>\$ 51,230,283</u>	<u>\$ 7,513,053</u>	<u>\$ 4,511,249</u>	<u>\$ 54,232,087</u>	<u>\$ 2,540,791</u>

Additions and deletions to workers' compensation claims payable are shown net since it is impracticable to determine these amounts separately.

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

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

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/13
Serial bonds	2004	2022	3.375 - 4.00%	\$ 2,330,000
Refunding serial bonds	2011	2022	2.00 - 5.00%	17,450,000
				<u>\$ 19,780,000</u>
Installment purchase debt	04/15/13	08/15/29	2.32%	<u>\$ 3,939,400</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>					
2015	\$ 2,080,000	\$ 908,556	\$ 135,626	\$ 182,542	\$ 3,306,724
2016	2,195,000	808,288	232,861	86,905	3,323,054
2017	2,300,000	711,181	238,294	81,471	3,330,946
2018	2,410,000	603,325	243,855	75,910	3,333,090
2019	2,525,000	485,475	249,545	70,221	3,330,241
2020-2024	8,270,000	745,363	1,337,837	260,991	10,614,191
2025-2029	-	-	1,501,382	97,444	1,598,826
	<u>\$ 19,780,000</u>	<u>\$ 4,262,188</u>	<u>\$ 3,939,400</u>	<u>\$ 855,484</u>	<u>\$ 28,837,072</u>

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

Interest paid	\$ 986,625
Less interest accrued in the prior year	(384,271)
Plus interest accrued in the current year	<u>354,175</u>
Total interest expense	<u>\$ 956,529</u>

9. PENSION PLANS

General information

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

Provisions and administration

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

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute, and benefits to employees. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244.

Funding policies

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. 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.

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

<u>Year</u>	<u>NYSTRS</u>	<u>NYSERS</u>
2014	\$ 4,125,676	\$ 946,091
2013	3,013,738	1,014,410
2012	2,802,621	881,818

10. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 178,636	\$ 2,776,868	\$ -	\$ 1,616,084
Special Aid Fund	-	165,816	16,084	-
School Lunch Fund	9,760	-	-	-
Debt Service Fund	-	1,087	-	-
Capital Projects Fund	2,767,108	-	1,600,000	-
Fiduciary Funds	-	11,733	-	-
Totals	<u>\$ 2,955,504</u>	<u>\$ 2,955,504</u>	<u>\$ 1,616,084</u>	<u>\$ 1,616,084</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.

11. 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 Statement 45, 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, 2014, the District recognized \$2,218,372 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of June 30, 2013 which indicates that the total liability for other post-employment benefits is \$72,322,221.

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 June 30, 2014
Annual required contribution	\$ 7,375,720
Interest on net OPEB obligation	<u>857,419</u>
Annual OPEB cost	8,233,139
Adjustment based on revised actuarial valuation	(1,264,559)
Contributions made	<u>2,218,372</u>
Increase in net OPEB obligation	4,750,208
Net OPEB obligation, beginning of year	<u>22,270,613</u>
Net OPEB obligation, end of year	<u>\$ 27,020,821</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, 2014 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>
06/30/12	\$ 7,135,726	26.1%	\$ 17,286,500
06/30/13	7,929,835	24.8%	22,270,613
06/30/14	8,233,139	26.9%	27,020,821

Funded status and funding progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$72,322,221 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability ("UAAL") of \$72,322,221. The covered payroll (annual payroll of active employees covered by the plan) was \$32,251,204 and the ratio of the UAAL to the covered payroll was 224.2%. 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, 2014 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 6 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, 2014 was 24 years.

12. 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:

	<u>Beginning Balance</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
Claims reported for the fiscal years ended June 30:				
2012	\$ 360,490	\$ 323,021	\$ 360,490	\$ 323,021
2013	323,021	261,909	323,021	261,909
2014	261,909	330,969	261,909	330,969

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.

13. 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.

Tax certiorari

On October 29, 2010, the Nassau County Legislature repealed the "County Guarantee" provision of the Nassau County Administrative Code which required the County to pay the costs of judgments, cancellations or credits of taxes for tax revenue received by towns, special districts and school districts. On February 27, 2013, the appellate division courts ruled unanimously that only the New York State Legislature, not the County legislature, can repeal a tax law imposed by Albany in 1948 to protect school districts from errors made by county assessors, thereby reinstating the Nassau "County Guarantee" and shifting the potential liability from the District to the County. This decision was affirmed by New York State's highest court on February 14, 2014.

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 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. Local governments can exceed the tax levy limit by a 60% vote of the governing body, or by local law.

Service concession arrangements

In accordance with GASB Pronouncements, 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, 2014, 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.

14. 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, 2014 was \$98,769. Future minimum payments are as follows:

Fiscal year ended June 30,	
2015	\$ 93,446
2016	93,446
2017	3,726
2018	2,934
2019	1,692
	<hr/>
	\$ 195,244

15. FUTURE ACCOUNTING STANDARDS

GASB has issued Statement No. 67, Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25, which is to improve financial reporting by State and local governmental pension plans. The District is currently studying the Statement and plans on adoption when required, which will be for the June 30, 2015 financial statements.

GASB has issued Statement No. 68, Accounting and Reporting for Pension Plans, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The District is currently studying the Statement and plans on adoption when required, which will be for the June 30, 2015 financial statements.

GASB has issued Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, which aims to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The District is currently studying the Statement and plans on adoption when required, which will be for the June 30, 2015 financial statements.

GASB has issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68, the purpose of which is to address an issue regarding application of the transition provisions of Statement No. 68, where amounts contributed, if any, by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, are recognized as deferred outflows of resources. The District is currently studying the Statement and plans on adoption when required, which will be for the June 30, 2015 financial statements.

16. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of August 1, 2014, which is the date the financial statements were available to be issued, noting the following subsequent events have occurred, which require disclosure in the financial statements:

In August 2014, the District refunded \$2,045,000 of serial bonds maturing in November 2021, which will result in a total savings of approximately \$160,000 for the District by the maturation date of the bond.

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, 2014

	Adopted Budget	Final Budget	Actual	Year-end Encumbrances	Variance Favorable (Unfavorable)
REVENUES					
Local sources:					
Real property taxes	\$ 57,084,266	\$ 57,084,266	\$ 55,387,952		\$ (1,696,314)
Other tax items	-	-	1,712,074		1,712,074
Charges for services	209,000	209,000	297,206		88,206
Use of money and property	42,000	42,000	27,447		(14,553)
Miscellaneous	511,340	511,340	277,071		(234,269)
Total local sources	57,846,606	57,846,606	57,701,750		(144,856)
State sources	3,162,172	3,162,172	2,961,244		(200,928)
Federal sources	15,500	15,500	18,511		3,011
Total revenues	61,024,278	61,024,278	60,681,505		(342,773)
OTHER FINANCING SOURCES					
Premium on obligations	-	-	46,863		46,863
Appropriated reserves	480,000	2,524,263	-		(2,524,263)
Total revenues and other financing sources	61,504,278	63,548,541	60,728,368		(2,820,173)
EXPENDITURES					
General support:					
Board of Education	36,200	36,800	18,406	\$ -	18,394
Central administration	334,475	338,068	334,461	-	3,607
Finance	839,107	836,425	769,804	1,004	65,617
Staff	459,618	519,396	305,786	92,283	121,327
Central services	5,093,776	5,275,276	4,747,669	188,682	338,925
Special items	425,533	434,533	418,657	-	15,876
Total general support	7,188,709	7,440,498	6,594,783	281,969	563,746
Instruction:					
Instruction, administration and improvement	2,135,590	2,167,419	2,051,423	1,731	114,265
Teaching - regular school	20,670,599	20,623,600	20,185,287	16,068	422,245
Programs for children with handicapping conditions	4,260,265	4,383,801	4,044,796	100,594	238,411
Teaching - special school	25,000	25,000	16,947	-	8,053
Instructional media	1,183,795	1,256,302	1,249,241	1,899	5,162
Pupil services	4,211,163	4,226,742	4,088,716	3,099	134,927
Total instruction	32,486,412	32,682,864	31,636,410	123,391	923,063
Pupil transportation	4,344,577	4,318,580	3,982,042	7,716	328,822
Community services	1,250	1,310	555	-	755
Employee benefits	14,446,705	14,477,664	13,552,659	-	925,005
Debt service:					
Principal	1,985,000	1,985,000	1,985,000	-	-
Interest	1,026,625	1,017,625	1,046,531	-	(28,906)
Total expenditures	61,479,278	61,923,541	58,797,980	413,076	2,712,485
OTHER FINANCING USES					
Interfund transfers	25,000	1,625,000	1,616,084	-	8,916
Total expenditures and other financing uses	61,504,278	63,548,541	60,414,064	\$ 413,076	2,721,401
Net change in fund balance	\$ -	\$ -	314,304		\$ (98,772)
Fund balance, beginning of year			8,532,998		
Fund balance, end of year			\$ 8,847,302		

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, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/11	\$ -	\$ 70,643,617	\$ 70,643,617	0%	\$ 30,823,540	229.2%
6/30/12	-	65,778,297	65,778,297	0%	30,807,495	213.5%
6/30/13	-	72,322,221	72,322,221	0%	32,251,204	224.2%

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, 2014

Change from adopted budget to final budget:

Adopted budget		\$ 61,504,278
Add:		
Prior year's encumbrances		444,263
Add:		
Voter-approved use of Capital Reserve		<u>1,600,000</u>
Revised budget		<u><u>\$ 63,548,541</u></u>

§ 1318 of real property tax law limit calculation:

2014-15 voter-approved expenditure budget	<u>\$ 62,773,201</u>
Maximum allowed (4% of 2014-15 budget)	<u><u>\$ 2,510,928</u></u>

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

Unrestricted fund balance:		
Assigned fund balance	\$ 893,076	
Unassigned fund balance	<u>2,510,928</u>	\$ 3,404,004
Less:		
Appropriated fund balance	480,000	
Encumbrances	<u>413,076</u>	<u>893,076</u>
Fund balance subject to § 1318 of Real Property Tax Law:		<u><u>\$ 2,510,928</u></u>

Actual percentage	<u><u>4.00%</u></u>
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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, 2014

Project Title	Expenditures				Methods of Financing						Fund Balance June 30, 2014
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	
2006/2007 Capital Reserve Interfund Transfers and EXCEL Projects											
Goosehill Roof Replacement	\$ 597,080	\$ 508,354	\$ 506,354	\$ -	\$ 506,354	\$ -	\$ -	\$ -	\$ 506,354	\$ 506,354	\$ -
West Side Masonry/Windows, Roof	289,572	190,514	190,514	-	190,514	-	-	151,512	39,002	190,514	-
Lloyd Harbor Masonry/Paving/Curbs	329,277	193,919	193,919	-	193,919	-	-	172,870	21,049	193,919	-
High School Bathrooms/Water Main/Septic	901,520	946,959	943,418	-	943,418	3,541	-	311,520	635,439	946,959	3,541
High School Guard Booth	47,200	-	-	-	-	-	-	-	-	-	-
High School Multi-Stall Bathrooms	-	223,453	216,431	-	216,431	7,022	-	-	223,453	223,453	7,022
Unassigned Contingency Appropriation	268,892	-	-	-	-	-	-	-	-	-	-
2008/2009 Capital Reserve Projects Interfund Transfers											
Field House Lighting and Painting	-	61,914	61,914	-	61,914	-	-	-	61,914	61,914	-
2009/2010 Capital Reserve Interfund Transfers											
Goosehill Roof Boiler Room HVAC	177,000	29,788	15,830	-	15,830	13,958	-	-	29,788	29,788	13,958
West Side Art Room/Bathrooms	182,900	115,587	111,467	-	111,467	4,120	-	-	115,587	115,587	4,120
Lloyd Harbor Science Wood Trim Exterior	-	38,000	37,870	-	37,870	130	-	-	38,000	38,000	130
High School Roof/Dock/Paving/Bleachers	767,000	993,135	990,297	-	990,297	2,838	-	-	993,135	993,135	2,838
High School Catch Basins	-	14,200	14,200	-	14,200	-	-	-	14,200	14,200	-
Unassigned Contingency Appropriation	191,810	-	-	-	-	-	-	-	-	-	-
2010/2011 Capital Reserve Interfund Transfers											
Goosehill Roof Top Fans/Ventilation	-	130,000	68,643	-	68,643	61,357	-	-	130,000	130,000	61,357
Lloyd Harbor Science/Music Rooms/HVAC	431,290	550,718	542,871	-	542,871	7,847	-	-	550,718	550,718	7,847
High School Clocks/Doors/Windows	-	159,000	152,299	-	152,299	6,701	-	-	159,000	159,000	6,701
High School Traffic Improvements	-	30,000	-	25,995	25,995	4,005	-	-	30,000	30,000	4,005
2011/2012 Capital Reserve Interfund Transfers											
High School Roof and Tennis Courts	427,160	651,834	447,651	563	448,214	203,620	-	-	651,834	651,834	203,620
Lloyd Harbor Heating and Cooling Systems	257,970	528,502	501,531	-	501,531	26,971	-	-	528,502	528,502	26,971
West Side Heating and Cooling Sys/Masonry	965,970	444,434	392,313	9,569	401,882	42,552	-	-	444,434	444,434	42,552
District Wide Wireless Project	148,900	175,230	158,315	-	158,315	16,915	-	-	175,230	175,230	16,915
2012/2013 Energy Performance Contract											
Goosehill Energy Performance Contract	359,375	359,375	108,209	201,742	309,951	49,424	359,375	-	-	359,375	49,424
West Side Energy Performance Contract	503,652	503,652	151,489	326,496	477,985	25,667	503,652	-	-	503,652	25,667
Lloyd Harbor Energy Performance Contract	730,692	730,692	219,605	478,028	697,633	33,059	730,692	-	-	730,692	33,059
High School Energy Performance Contract	2,345,681	2,345,681	704,101	1,409,656	2,113,757	231,924	2,345,681	-	-	2,345,681	231,924
2012/2013 Capital Reserve Interfund Transfers											
Goosehill Roof/Asphalt/Kitchen Hoods	306,640	307,320	6,699	51,309	58,008	249,312	-	-	307,320	307,320	249,312
West Side Music Room/Kitchen Hoods	290,000	307,000	6,318	235,178	241,496	65,504	-	-	307,000	307,000	65,504
Lloyd Harbor HVAC/PA/Casework	592,110	633,430	105,450	395,965	501,415	132,015	-	-	633,430	633,430	132,015
High School HVAC/Roof/Track	636,250	577,250	14,585	81,144	95,729	481,521	-	-	577,250	577,250	481,521
2013/2014 Field Turf Donation											
High School Field Turf Replacement	428,000	428,000	-	428,000	428,000	-	-	-	428,000	428,000	-
2013/2014 Capital Reserve Interfund Transfers											
Goosehill Case Work/HVAC/Security/Tanks	211,450	211,450	-	7,932	7,932	203,518	-	-	211,450	211,450	203,518
West Side Case Work/Security/Fuel Tanks	263,965	263,965	-	11,146	11,146	252,819	-	-	263,965	263,965	252,819
Lloyd Harbor Asphalt/Alarm/Main Office	670,133	670,133	-	30,005	30,005	640,128	-	-	670,133	670,133	640,128
High School Lot Drainage/HVAC/Security	404,452	404,452	-	23,654	23,654	360,798	-	-	404,452	404,452	360,798
High School Storage Building	50,000	50,000	-	4,359	4,359	45,641	-	-	50,000	50,000	45,641
Totals	\$ 13,775,941	\$ 13,775,941	\$ 6,862,293	\$ 3,720,741	\$ 10,583,034	\$ 3,192,907	\$ 3,939,400	\$ 635,902	\$ 9,200,639	\$ 13,775,941	\$ 3,192,907

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2014

Capital assets, net			\$ 39,734,200
Deduct:			
Deferred inflow from issuance of bonds, net of amortization	\$	1,282,144	
Premium on obligations		46,863	
Short-term portion of bonds payable		2,080,000	
Long-term portion of bonds payable		17,700,000	
Short-term installment purchase debt payable		135,626	
Long-term installment purchase debt payable		3,803,774	25,048,407
Net investment in capital assets			<u>\$ 14,685,793</u>

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUNDS
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CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON EXTRACLASSROOM
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 Extraclassroom Activity Funds of the Cold Spring Harbor Central School District (the "District") for the year ended June 30, 2014, and the related note to the financial statement, which collectively comprise the financial statement of the District's Extraclassroom 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, 2014 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 1, 2014

Nawrocki Smith LLP

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

	Cash Balances July 1, 2013	Receipts	Disbursements	Cash Balances June 30, 2014
High School:				
Class of 2013	\$ 6,809.86	\$ 0.17	\$ 6,810.03	\$ -
Class of 2014	3,946.95	27,285.00	24,915.58	6,316.37
Class of 2015	2,239.90	24,727.60	21,073.80	5,893.70
Class of 2016	3,010.74	2,499.26	1,133.88	4,376.12
Class of 2017	-	1,533.39	-	1,533.39
Amnesty International	80.00	-	-	80.00
Aviation Club	3,222.19	1.46	-	3,223.65
Book Club	100.00	-	-	100.00
Brainstormers	5.75	-	-	5.75
Cheerleaders	103.92	-	-	103.92
Drama Club	871.53	6,641.52	4,934.92	2,578.13
Environmental Club	297.39	-	-	297.39
Fashion Club	2,196.08	610.57	926.26	1,880.39
French Club	1,421.70	3,990.83	3,808.61	1,603.92
Future Business Leaders	279.85	-	-	279.85
Gay/Straight Alliance	640.90	-	-	640.90
History Club	260.47	-	-	260.47
Holocaust Project	3,045.86	1.03	2,800.00	246.89
International Club	1,838.19	2,973.76	396.00	4,415.95
Jr. High Student Organization	7,657.61	3,581.67	1,814.96	9,424.32
Literary Magazine	1,070.96	1,482.21	874.43	1,678.74
Locks of Love	2,677.11	4,377.00	3,641.08	3,413.03
Model United Nations	9.95	9,104.07	8,638.52	475.50
Musical Club (Jr. High)	15,218.21	7,796.60	9,460.95	13,553.86
Musical Club (Sr. High)	1,734.17	12,682.72	11,992.18	2,424.71
Natural Helpers	464.74	-	-	464.74
National Honor Society	0.40	-	-	0.40
Newspaper	915.78	-	-	915.78
Outreach	62.03	-	-	62.03
Political Science Club	340.09	-	-	340.09
Robotics Club	-	2,000.00	-	2,000.00
S.A.D.D.	236.14	574.00	598.72	211.42
S.W.W.A.T.: Other	196.36	143.00	339.36	-
Science Club	137.61	-	-	137.61
Spanish Club	2,995.86	1.36	-	2,997.22
Speech & Debate Club	13,858.53	8,129.49	6,728.64	15,259.38
Sr. High Art Club	6,180.35	2.74	100.00	6,083.09
Student Booster Club	209.25	-	-	209.25
Student Organization	29,223.33	11,255.51	17,489.72	22,989.12
Technology Club	8,054.94	3,862.53	2,198.90	9,718.57
Thespian Society	35.00	-	35.00	-
Warhammer Club	171.25	-	117.00	54.25
Varsity Club	372.79	-	-	372.79
Vocal Chamber Ensemble	236.30	4,207.63	4,417.20	26.73
Yearbook (Jr. High)	6,166.97	2,536.19	4,879.51	3,823.65
Yearbook (Sr. High)	23,659.24	5,055.27	557.76	28,156.75
	<u>\$ 152,256.25</u>	<u>\$ 147,056.58</u>	<u>\$ 140,683.01</u>	<u>\$ 158,629.82</u>

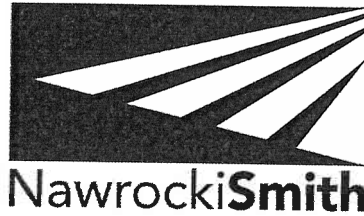
The accompanying note is an integral
part of this financial statement.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

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.



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, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated August 1, 2014.

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 1, 2014

Nawrocki Smith LLP

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2014

CURRENT YEAR FINDINGS:

1. Capital projects fund balance

During our review of the Capital Projects Fund, we noted numerous capital projects that have been completed for several years but still have fund balances. Such projects should be formally closed and funding should be redirected to other areas.

We recommend that the District review and formally close out completed projects and redirect the fund balances as deemed appropriate. In this manner, internal control over fund balances may be enhanced.

2. Extraclassroom Activity Funds - inactive clubs

During our review of the Extraclassroom Activity Funds, we noted that there were numerous clubs with no activity during the year. Inactive clubs with small balances should either be closed or merged with other, larger activities.

We recommend that the District review and evaluate any inactive clubs and merge the funds with other appropriate activities. In this manner, internal control over Extraclassroom Activity Funds may be enhanced.

3. Vendor maintenance

During our review of the District's master vendor file, we noted there to be numerous vendors who are in "active" status, but have not received any payments for a considerable period. In addition, we noted a number of vendors with duplicate names, addresses, and phone numbers who received payments during the year. This situation increases the risk that inappropriate use of vendor accounts could occur and go undetected.

We recommend 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.

In this manner, internal control over purchasing activities may be enhanced.

STATUS OF PRIOR YEAR RECOMMENDATIONS:

1. Recommendation

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.