

**AVERILL PARK CENTRAL SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2016**

AVERILL PARK CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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To the President and Members
of the Board of Education of the
Averill Park Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Averill Park Central School District (the District), as of and for the year ended June 30, 2016, 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 and each major fund of the Averill Park Central School District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1- A9, budgetary comparison information on pages C1 and C2, schedule of funding progress for the retiree health plan on page C3, schedules of proportionate share of net pension liability (asset) on page C4 and schedules of district contributions on page C5 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Averill Park Central School District's basic financial statements. The supplemental information on pages D1 – D3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. These supplemental schedules are the responsibility of management and were derived from and relate 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 supplemental 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 September 19, 2016, 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.

Marvin and Company, P.C.

Latham, NY
September 19, 2016

AVERILL PARK CENTRAL SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDING JUNE 30, 2016

The following discussion and analysis of the Averill Park Central School District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2016. This discussion and analysis are intended to serve as an introduction to the District's basic financial statements; we encourage readers to consider the information presented here, in conjunction with information provided in the financial statements.

Financial Highlights

- The District's 2015-16 actual revenues in the General Fund were \$583,217 greater than budgeted revenues.
- The primary revenue accounts generating this positive variance in the General Fund were the State & Federal Aids exceeding budgeted by a total of \$363,053 and refunds of prior year BOCES expenses exceeding budgeted by \$109,451 and refund of prior years' expense exceeding budgeted by \$148,192.
- The 2015-16 expenditure budget for the General Fund was approved for \$53,906,501, carryover encumbrances totaled \$305,601 and the Board of Education approved additional budgetary expenditures of \$221,569 bringing the total adjusted budget to \$54,433,671.
- District expenditures and encumbrances for the 2015-16 fiscal year in the General Fund concluded with a favorable variance from budget of \$981,054 or about 1.80% of the revised \$54,433,671 budget.
- During the fiscal year, the District retired a \$10 million bond anticipation note (BAN) and issued an 11 month \$12.6 million BAN at a .67% interest rate to fund its ongoing capital project. Principal and interest payments of \$12,789,000 for this BAN are due on July 15, 2016.
- The District also issued a 5-year \$604,324 statutory installment bond at 2.00% to finance purchasing eight school buses.
- The District's liability for compensated absences using the "Vesting Method" of accounting increased by \$23,433 to \$1,638,993 as of June 30, 2016.
- The District has continued its efforts to maintain its unassigned fund balance in order to strengthen its financial position for the future. The District's General Fund unassigned fund balance as of June 30, 2016 was \$2,267,711, an increase of \$210,838 from June 30, 2015. The June 30, 2016 fund balance is 4.04% of the 2016-17 General Fund budget.
- In 2011, the State Legislature and Governor enacted legislation applicable beginning with the 2012-13 school year, establishing a cap on the amount that a school district property tax levy can increase each year. Under this law, the growth in school tax levy will be capped a 2% or the rate of inflation, whichever is less, with some exceptions that allow the tax levy increase to exceed a 2%, but still to be considered within the tax levy cap for voting purposes. A school district tax levy that is within the cap threshold requires only a simple majority vote for approval. However, to raises taxes above the tax levy cap, requires a super majority (60% plus one yes votes) to approve the tax levy increase.

- In May 2016, the \$56,173,142 2016-17 budget proposed by the Board was approved by a 75% margin. The 2016-17 budget represented an increase of \$2,266,641 from 2015-16 budget.
- In 2014, the State Legislature and Governor enacted legislation that provides a property tax relief credit to qualified homeowners. In 2016, the legislation also required an approved government efficiency plan. To qualify, the taxpayers (or taxpayers filing joint returns) on the personal income tax return filed for taxable years two years prior, must have:
 - been a resident
 - owned and primarily resided in real property receiving the STAR exemption

Qualified homeowners will receive a Property Tax Relief Credit the greater of:

- \$185; or
- the actual tax bill

Homeowners will receive the Property Tax Relief Credit if their school district stays within the property tax levy cap.

- For 2016-17 the tax levy inflation factor for school districts is 0.12% and the District's overall tax levy cap is 1.65%. In August 2016, the Board approved the 2016-17 tax levy of \$29,187,309 which was within the allowable levy limit and compliant with the requirement of the property tax relief credit program and as a result qualifying taxpayers will receive property tax relief credits as established by law.
- The District renewed its lease agreement with the Questar III BOCES through June 30, 2020 for use of the George Washington Elementary school, generating about \$200,000 in net revenue annually.

Overview of the Financial Statements

The District's annual report consists of five parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, other supplemental information and the single audit section. 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 funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
 - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others.

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

District-wide Statements

The *District-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets and liabilities of the District, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the assets of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. retirement system liabilities and earned but unused vacation leave).

The District-wide financial statements can be found on pages B1 and B2 of this report.

Fund Financial Statements

A *fund* is a group of related account that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into two categories: government funds and fiduciary funds.

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

District-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$6.2 million at the close of the most recent fiscal year.

Net Position (in thousands of dollars)

	<i>Fiscal Year</i> <u>2016</u>	<i>Fiscal Year</i> <u>2015</u>
<i>Governmental Activities</i>		
<i>Current and other assets</i>	\$ 11,950	\$ 11,437
<i>Long-Term Receivables</i>	424	566
<i>Capital assets</i>	60,868	60,958
<i>Net Pension Assets</i>	<u>13,641</u>	<u>14,413</u>
<i>Total assets</i>	\$ <u>86,883</u>	\$ <u>87,374</u>
<i>Deferred Outflows of Resources</i>		
<i>Loss on Refunding</i>	389	512
<i>Pensions</i>	<u>6,544</u>	<u>4,037</u>
<i>Total Deferred Outflows</i>	6,933	4,549
<i>Total Assets & Deferred Outflows</i>	93,816	91,923
<i>Current Liabilities</i>		
	\$ 19,062	\$ 33,631
<i>Long-term liabilities</i>	<u>63,335</u>	<u>40,734</u>
<i>Total liabilities</i>	\$ 82,397	\$ 74,365
<i>Deferred Inflows of Resources</i>		
<i>Pensions</i>	\$ 5,205	\$ 9,891
<i>Net position</i>		
<i>Invested in capital assets, net of related debt</i>	\$ 33,345	\$ 32,623
<i>Restricted</i>	2,889	2,326
<i>Unrestricted</i>	<u>(30,020)</u>	<u>(27,282)</u>
<i>Total Net Position (Deficit)</i>	\$ <u>6,214</u>	\$ <u>7,667</u>

Net Position decreased by \$1,452,787. Total assets and deferred outflows of resources increased by \$1,892,541, total liabilities and deferred outflows of resources increased \$3,345,328.

The rise in assets is substantially due to an increase in deferred pension outflows of \$2,507,647, along with an increase in the District's unassigned fund balance and reserves resulting from positive budget variances.

The increase in liabilities results primarily from the other post employment benefit liability increase of \$5,725,683, issuance of debt, including an additional \$2,600,000 bond anticipation note for capital construction and a \$604,324 statutory installment bond for the purchase of school buses and other equipment.

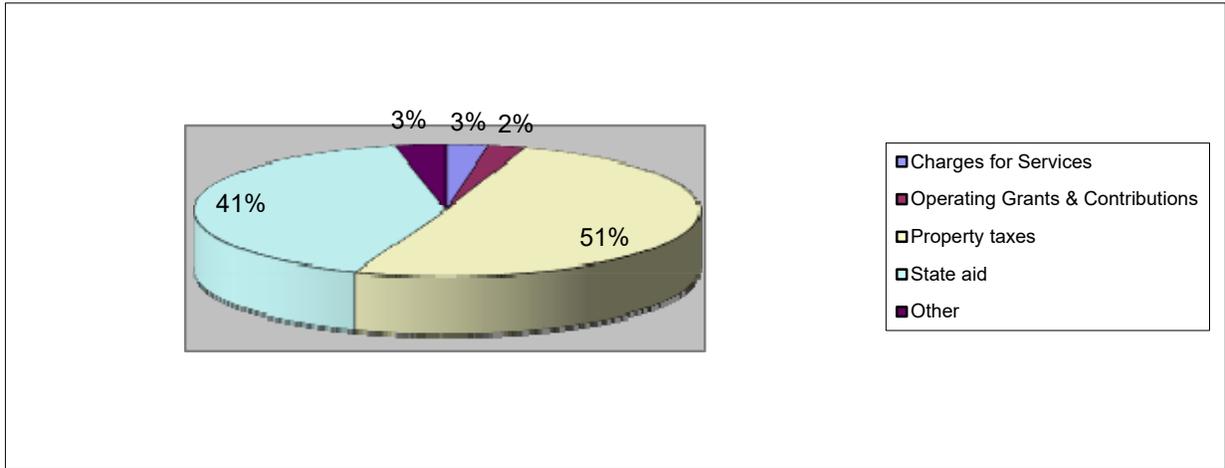
The District has reserved funds from unrestricted funds for the following purposes:

- *Appropriated fund balance* of \$780,000. The District has designated this portion for the subsequent year to reduce the tax levy.
- *Reserve for encumbrances* of \$496,151. Net assets within the General fund are reserved to pay for commitments at June 30 that will be reappropriated during the subsequent fiscal year.
- *Retirement System Reserve* \$577,566. The District has reserved funds to pay for future employees retirement system cost.
- *Reserve for Debt* of \$422,597. The District will use these funds to pay down debt.
- *Reserve for Employee Benefit Accrued Liability* of \$1,638,994. The District will use these funds to pay accrued employee benefits due upon termination of the employee's service.
- *Reserve for Workers' Compensation* of \$250,000. The District will use these funds to pay compensation and benefits, medical, hospital or other expenses authorized by Workers' Compensation law.

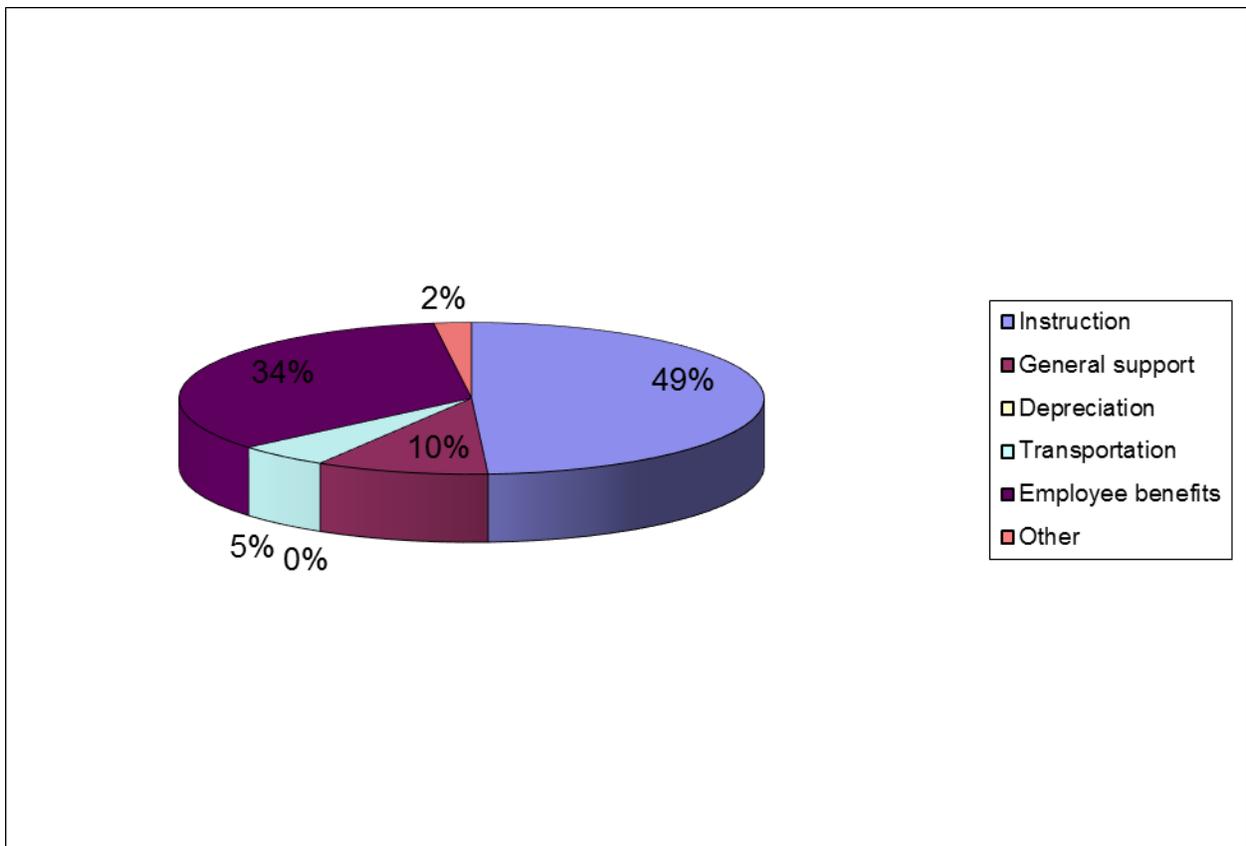
Statement of Activities (in thousands of dollars)

	<i>Fiscal Year</i> <u>2016</u>	<i>Fiscal Year</i> <u>2015</u>
<i>Revenues</i>		
<i>Program revenues</i>		
Charges for services	\$ 1,545	\$ 1,595
Operating Grants & Contributions	<u>1,335</u>	<u>1,305</u>
Total Program Revenues	<u>2,880</u>	<u>2,900</u>
<i>General revenues</i>		
Property taxes	28,707	28,074
State aid	23,083	22,681
Other	<u>1,853</u>	<u>2,301</u>
Total General Revenues	<u>53,643</u>	<u>53,056</u>
Total Revenues	\$ <u>56,523</u>	\$ <u>55,956</u>
<i>Expenses</i>		
General support	\$ 5,534	\$ 5,094
Instruction	28,469	30,425
Transportation	2,966	3,211
Employee benefits	19,798	16,920
Debt service – interest	755	860
Cost of sales – Food	<u>454</u>	<u>818</u>
Total Expenses	\$ <u>57,976</u>	\$ <u>57,328</u>
Increase (Decrease) in net position	\$ (1,453)	(1,372)
Cumulative effect of change in Accounting Principles	\$ -	3,236
Total change in net position	\$ <u>(1,453)</u>	\$ <u>1,864</u>

Sources of Revenues for Fiscal Year 2016



Expenses for Fiscal Year 2016



Financial Analysis of The District's Funds

As explained earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General fund is the chief operating fund of the District. At the end of the fiscal year, cash and investments totaled \$7,622,557 comprising 8.77% of total district assets. \$2,466,560 of this amount is held to fund reserves established by the District with the balance available to pay current liabilities.

General Fund Budgetary Highlights

During the year final revenues were exceeded revised budgetary estimates by \$583,217 or 1.08% and expenditures and encumbrances were under revised budgetary estimates by \$981,054 or 1.80%.

The District's unassigned fund balance of \$2,267,711 as of June 30, 2016 was 4.04% of the \$56,173,142 2016-17 budget an increase of \$210,838 from the June 30, 2015 unassigned fund balance of \$2,056,873.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2016, the District had invested \$60,867,583, net of accumulated depreciation, in a broad range of capital assets, including school buildings. Total depreciation expense for the year was \$3,295,641. District voters approved in May 2013 a \$12.9 million district-wide capital project that commenced construction in June of 2014.

The following summarizes (in thousands of dollars) capital assets, net of accumulated depreciation, at June 30, 2016 and 2015:

	<u>6/30/16</u>	<u>6/30/15</u>
Land	\$ 90	\$ 96
Construction in progress	11,244	8,699
Buildings	47,255	50,004
Furniture and equipment	400	491
Land/site improvements	165	229
Licensed vehicles	1,714	1,445
Total Capital Assets, Net of Depreciation	<u>\$ 60,868</u>	<u>\$ 60,958</u>

Long-Term Debt

At June 30, 2016, the District had \$61,585,868 in general obligation bonds and other long-term debt outstanding, an increase of 7.11% from the prior year. (More detailed information about the District's long-term liabilities is presented in Note 3B, II to the financial statements.)

The following summarizes (in thousands of dollars) long-term debt at June 30, 2016 and 2015:

	<u>6/30/16</u>	<u>6/30/15</u>
Serial Bonds	\$ 15,035	\$ 17,060
Unamortized Premiums	657	767
Deferred amounts on refunding	(389)	(512)

Statutory Bonds	1,371	1,020
Other Post Employment Benefits	43,273	37,547
Compensated Absences	<u>1,639</u>	<u>1,615</u>
Total Long-Term Debt	\$ <u>61,586</u>	\$ <u>57,497</u>

Economic Factors and Next Year’s Budgets and Rates

- In May 2016 the 2016-17 proposed \$56,173,142 budget was approved by the voters. The 2016-17 budget represented an increase of \$2,266,641 from the 2015-16 budget.
- The voter approved 2016-17 tax levy of \$29,187,305, an increase of 1.65% over the prior year tax levy.
- The State’s adoption of a tax levy cap may impact the District’s ability to raise the revenues necessary to maintain educational programs and support services.
- Enrollment is projected to remain stagnant which could negatively impact State and Federal aid.
- The District is experiencing an increase in the number of students qualifying for free & reduced price lunch.
- The District has continued to reduce its reliance on fund balance as a source of revenue.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers, customers, and 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 questions about this report, please contact:

Michael Ouimet
Assistant Superintendent for Business
Averill Park Central School District
146 Gettle Road, Station 1
Averill Park, New York 12018

**AVERILL PARK CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016**

ASSETS

Cash - Unrestricted	\$	7,004,371
Cash - Restricted		2,466,560
State and Federal Aid Receivable		1,092,531
Due From Other Governments		769,620
Due From Other Funds		379,768
Other Receivables, net		211,426
Inventories		25,247
Long-Term Accounts Receivable		424,258
Capital Assets, net		60,867,583
Net Pension Asset, Proportionate Share		13,641,206
Total Assets		86,882,570
Deferred Outflows of Resources		
Loss on Refunding		388,639
Pensions - ERS		3,826,130
Pension - TRS		2,718,196
Total Deferred Outflows of Resources		6,932,965
Total Assets and Deferred Outflow of Resources	\$	93,815,535

LIABILITIES

Accounts Payable	\$	644,960
Retainage Payable		25,893
Due to Other Governments		255
Accrued Interest Payable		219,273
Refundable Advances		12,618
Due to Teachers' Retirement System		2,783,655
Due to Employees' Retirement System		300,365
Bond Anticipation Notes		12,600,000
Long-Term Liabilities - Due and Payable Within One Year		
Bonds		2,474,579
Long-Term Liabilities - Due and Payable After One Year		
Bonds		13,930,971
Compensated Absences		1,638,993
Other postemployment benefits payable		43,273,035
Premium on Bonds		656,929
Net Pension Liability, Proportionate Share		3,834,738
Total Liabilities		82,396,264
Deferred Inflows of Resources		
Pensions - ERS		454,544
Pension - TRS		4,750,733
Total Deferred Inflows of Resources		5,205,277

NET POSITION

Net Investment in Capital Assets		33,344,716
Restricted		2,889,157
Unrestricted		(30,019,879)
Total Net Position		6,213,994
Total Liabilities, Deferred Inflows and Net Position	\$	93,815,535

See accompanying notes to financial statements.

B1.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>		
Functions/Programs					
General Support	\$ 5,533,624	\$ -	\$ -	\$	(5,533,624)
Instruction	28,468,993	1,096,683	998,665		(26,373,645)
Pupil Transportation	2,966,172	-	-		(2,966,172)
Employee Benefits	19,797,946	-	-		(19,797,946)
Interest Expense	755,414	-	-		(755,414)
School Lunch Program	<u>453,543</u>	<u>448,562</u>	<u>336,067</u>		<u>331,086</u>
 Total Functions and Programs	 \$ <u>57,975,692</u>	 \$ <u>1,545,245</u>	 \$ <u>1,334,732</u>		 <u>(55,095,715)</u>
 General Revenues					
Real Property Taxes					28,706,911
Other Tax Items					45,761
Use of Money and Property					341,390
Sale of Property and Compensation for Loss					28,178
State Sources					23,082,517
Federal Sources					117,538
Miscellaneous					759,178
Premium on Bond Anticipation Note					<u>561,455</u>
 Total General Revenues and Special Items					 <u>53,642,928</u>
 Change in Net Position					 (1,452,787)
 Total Net Position - Beginning of Year					 <u>7,666,781</u>
 Total Net Position - End of Year				\$	 <u><u>6,213,994</u></u>

See accompanying notes to financial statements.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016**

	General Fund	Special Aid Fund	School Lunch Fund	Capital Fund	Debt Service Fund	Total Governmental Funds
ASSETS						
Unrestricted Cash	\$ 5,155,997	\$ 440	\$ 74,979	\$ 1,750,943	\$ 22,012	\$ 7,004,371
Restricted Cash	2,466,560	-	-	-	-	2,466,560
State and Federal Receivable	803,468	268,113	20,950	-	-	1,092,531
Due From Other Governments	769,620	-	-	-	-	769,620
Due From Other Funds	934,697	189,616	-	270,680	520,585	1,915,578
Other Receivables, net	209,711	-	1,715	-	-	211,426
Inventories	-	-	25,247	-	-	25,247
Total Assets	\$ 10,340,053	\$ 458,169	\$ 122,891	\$ 2,021,623	\$ 542,597	\$ 13,485,333
LIABILITIES						
Accounts and Retainages Payable	\$ 606,455	\$ 1,119	\$ 1	\$ 37,385	\$ -	\$ 644,960
Accrued Liabilities	-	-	-	-	-	-
Bond Anticipation Notes	-	-	-	12,600,000	-	12,600,000
Due to Other Funds	639,156	457,050	157,009	162,595	120,000	1,535,810
Due to Other Governments	-	-	255	-	-	255
Due to Teachers' Retirement System	2,783,655	-	-	-	-	2,783,655
Due to Employees' Retirement System	300,365	-	-	-	-	300,365
Refundable Advances	-	-	12,618	-	-	12,618
Total Liabilities	4,329,631	458,169	169,883	12,799,980	120,000	17,877,663
FUND EQUITY						
Non-spendable	-	-	25,247	-	-	25,247
Restricted	2,466,560	-	-	-	422,597	2,889,157
Assigned	1,276,151	-	-	-	-	1,276,151
Unassigned	2,267,711	-	(72,239)	(10,778,357)	-	(8,582,885)
Total Fund Equity	6,010,422	-	(46,992)	(10,778,357)	422,597	(4,392,330)
Total Liabilities and Fund Equity	\$ 10,340,053	\$ 458,169	\$ 122,891	\$ 2,021,623	\$ 542,597	\$ 13,485,333

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund equity per above	\$ (4,392,330)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	60,867,583
Long-term liabilities, including bonds payable, installment purchase debt, judgments and claims, and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds	(59,678,585)
Compensated Absences	(1,638,993)
Retainage Payable	(25,893)
Accrued Interest	(219,273)
Net Pension Asset	13,641,206
Net Pension Liability	(3,834,738)
Net Deferred (inflows)/outflows related to net pension asset/liability adjustments	1,339,049
Long-Term Accounts Receivable not available in the current period and, therefore, is not reported in the funds	424,258
Deferred bond cost is recorded as an expense in the fund financial statements, but is amortized over the life of the bond under full accrual accounting	388,639
Bond premium is recorded as revenue in the fund financial statements, but is amortized over the life of the bond under full accrual accounting	(656,929)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 6,213,994

AVERILL PARK CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>General</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Capital Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues						
Real property taxes and tax items	\$ 28,752,672	\$ -	\$ -	\$ -	\$ -	\$ 28,752,672
Charges for services	1,096,683	-	-	-	-	1,096,683
Use of money and property	338,746	-	-	-	2,644	341,390
Sale of property and compensation for loss	28,178	-	-	-	-	28,178
Miscellaneous	743,497	-	15,681	-	-	759,178
State sources	22,868,973	213,544	13,089	-	-	23,095,606
Federal sources	117,538	998,665	322,978	-	-	1,439,181
Sales	-	-	448,562	-	-	448,562
Total Revenues	<u>53,946,287</u>	<u>1,212,209</u>	<u>800,310</u>	<u>-</u>	<u>2,644</u>	<u>55,961,450</u>
Expenditures						
General support	4,729,800	-	345,113	-	-	5,074,913
Instruction	27,923,586	1,270,308	-	-	-	29,193,894
Pupil transportation	2,713,011	-	-	-	-	2,713,011
Employee benefits	14,048,831	-	129,036	-	-	14,177,867
Debt service	-	-	-	-	-	-
Principal	2,278,714	-	-	-	-	2,278,714
Interest	703,440	-	-	-	-	703,440
Cost of sales	-	-	324,507	-	-	324,507
Capital outlay	-	-	-	3,325,070	-	3,325,070
Total Expenditures	<u>52,397,382</u>	<u>1,270,308</u>	<u>798,656</u>	<u>3,325,070</u>	<u>-</u>	<u>57,791,416</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,548,905</u>	<u>(58,099)</u>	<u>1,654</u>	<u>(3,325,070)</u>	<u>2,644</u>	<u>(1,829,966)</u>
Other Financing Sources And (Uses)						
Other financing source	-	-	-	457,001	104,454	561,455
Bond proceeds	-	-	-	604,324	-	604,324
Interfund transfers in	120,000	58,099	500,985	-	2,661	681,745
Interfund transfers (out)	(559,084)	-	-	(2,661)	(120,000)	(681,745)
Total Other Sources (Uses)	<u>(439,084)</u>	<u>58,099</u>	<u>500,985</u>	<u>1,058,664</u>	<u>(12,885)</u>	<u>1,165,779</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	<u>1,109,821</u>	<u>-</u>	<u>502,639</u>	<u>(2,266,406)</u>	<u>(10,241)</u>	<u>(664,187)</u>
Fund Equity - Beginning of Year	4,900,601	-	(549,631)	(8,511,951)	432,838	(3,728,143)
Fund Equity - End of Year	<u>\$ 6,010,422</u>	<u>\$ -</u>	<u>\$ (46,992)</u>	<u>\$ (10,778,357)</u>	<u>\$ 422,597</u>	<u>\$ (4,392,330)</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Net changes in fund equity - total governmental funds	\$ (664,187)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position	3,208,177
The net book value, cost less accumulated depreciation, of capital assets disposed of are removed from the statement of net position. Any gain or loss resulting is recorded in the statement of activities	(2,938)
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities	(3,295,641)
Long-Term receivables payment received in the current period recorded as a reduction to expense, in the statement of activities	(141,419)
Proceeds from long-term debt are recorded as revenue in the governmental funds, but are recorded as liabilities in the statement of net position	(604,324)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position	2,278,714
Amortization of bond premium is an adjustment to interest expense in the statement of activities	110,248
Amortization of deferred expenses on advanced bond refunding is an adjustment to interest expense in the statement of activities	(123,655)
Accrued post employment benefits do not require the expenditure of current resources and are, therefore are not reported as expenditures in the governmental funds	(5,725,683)
Compensated absences do not require the expenditure of current resources and are, therefore not reported as expenditures in the governmental funds	(23,432)
Retainage cost do not meet the criteria to be recorded as expenditures in the governmental funds	179,307
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	3,390,615
Accrued interest expense does not require the expenditure of current resources and are, therefore not reported as expenditures in the governmental funds	<u>(38,569)</u>
Change in net position - Governmental activities	\$ <u><u>(1,452,787)</u></u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2016**

	Agency	Private Purpose Trusts
ASSETS		
Cash - unrestricted	\$ 379,884	\$ -
Cash - restricted	122,149	101,545
Total Assets	\$ 502,033	\$ 101,545
 LIABILITIES		
Due to other funds	\$ 379,768	\$ -
Other liabilities	116	-
Extraclassroom activity balances	122,149	-
Total Liabilities	\$ 502,033	\$ -
 NET POSITION		
Reserved for scholarships		\$ 101,545

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	\$ 29,606
Total Additions	29,606
 DEDUCTIONS	
Scholarships and awards	17,816
Contractual and other	11,419
Change in Net Position	371
Net Position - Beginning of year	101,174
Net Position - End of year	\$ 101,545

See accompanying notes to financial statements.

B6.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Averill Park Central School District ("the District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standards-setting body for establishing governmental accounting and financial reporting principles.

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

The accompanying financial statements present the activities of the District and its component unit. 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 review of an entity included in the District's reporting entity within its Fiduciary funds:

The 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 at the District's business office, located at 146 Gettle Rd, Averill Park, NY.

B. Joint Venture

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Joint Venture

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

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

During the year ended June 30, 2016, the Averill Park Central School District was billed \$4,209,648 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,459,057. Financial statements for the BOCES are available from the BOCES administrative office.

Also, during the year ended June 30, 2015 the District entered into an agreement with BOCES where BOCES will return amounts to the District as a reduction to the administrative levy totaling \$565,677. The amounts will be credited over a 5 year period starting in 2015-16. The District was credited \$141,419 in 2015-16. The remaining balance of \$424,258 is recorded as a long-term receivable in the statement of net position.

C. Basis of Presentation

District-wide statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to the particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

Fund financial statements

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

The District reports the following major governmental funds:

I. 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 Aid Fund

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 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.

School Lunch Fund

Used to account for transactions of the District's lunch and breakfast programs.

Capital Projects Fund

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

Debt Service Fund

This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligations 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.

II. Fiduciary Funds

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee and 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:

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basis of Accounting/Measurement Focus

II. Fiduciary Funds

a. Private Purpose Trust Funds

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

b. 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 withholdings.

General Information

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

The District-wide 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 governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, 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, claims and judgments, other postemployment benefits payable, pensions and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other sources.

E. Refundable Advances

Refundable advance arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenue is recognized.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Property Taxes

I. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 18. Taxes were collected during the period September 1 through October 31.

II. Enforcement

Uncollected real property taxes are subsequently enforced by the County of Rensselaer, in which the District is located. An amount representing uncollected real property taxes transmitted to the county for enforcement is paid by the county to the District no later than the following April 1.

G. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the line item level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the 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 which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

From Additional Revenues:	
Expenses associated with student fees & college in the high school	\$ 67,245
Expenses associated with supplies	15,500
Expenses associated with equipment	17,226
Expenses associated with contractual obligations	72,508
Expenses associated with athletic program restorations	<u>49,090</u>
Total Supplemental Appropriations	<u>\$ 221,569</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

- e. 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.
- f. Budgets are established and used for 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.

II. 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.

III. Budget Basis of Accounting

The District is not required to formally adopt annual budgets for its special revenue funds. Accordingly, although the school lunch fund does have a management approved budget and each special aid fund project follows an approved project budget, no statement of budget and actual revenues and expenditures is presented for the special revenue funds.

H. Cash and Investments

The District investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and School Districts. Investments are stated at fair value. Certificates of deposit are classified as investments in these financial statements.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Accounts Receivable

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

J. Inventories

Inventories of food and supplies in the school lunch fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

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.

K. Interfund Transfers

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 expenditure 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 2.A.II. for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

L. Equity Classifications

District-wide statements:

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

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classifications

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

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

Fund Statements:

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

Non-spendable fund equity - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$25,247.

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

Debt Service

Used to account for the advanced refunding of debt and unspent proceeds of debt restricted for debt service.

Employee Benefit Accrued Liability

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

Retirement Contribution

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

Workers' Compensation

According to General Municipal Law §6-j, these reserve funds must be used to pay compensation and benefits, medical, hospital, or other expenses authorized by Article 2 of the Workers' Compensation Law and to pay the expenses of administering a self-insurance workers' compensation 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 the Board may elect to transfer all or part of the excess amount to certain other reserve funds, or may apply all or part of the excess to the budget appropriation of the next succeeding fiscal year.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classifications

Fund statements:

Restricted fund balance includes the following:

General Fund:	
Employee Benefit Accrued Liability	\$ 1,638,994
Retirement Contribution	577,566
Workers' Compensation	250,000
Debt Service Fund	<u>422,597</u>
Total restricted funds	<u>\$ 2,889,157</u>

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2016.

Assigned - Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Equity in the General Fund. Encumbrances reported in the General Fund amounted to \$496,151. Appropriated fund balance in the General Fund amounted to \$780,000.

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.

Purpose of Encumbrances

General Fund	
General Support	\$ 86,087
Instruction	354,021
Pupil Transportation	<u>56,043</u>
	<u>\$ 496,151</u>

Unassigned - Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Equity Classifications

Fund statements:

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity 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. The District exceeded this limit by \$20,785 at June 30, 2016.

Order of Use of Fund Equity:

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 equity is determined first and then restricted fund equity 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 equity is determined next then assigned. The remaining amounts are reported as unassigned. Assignments of fund equity cannot cause a negative unassigned fund equity.

M. Postemployment Benefits

In addition to providing the retirement benefits described in Note 2.B.I, the District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups as governed by Board of Education Policy. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Currently 280 retirees meet those eligibility requirements. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-employment benefits is shared between the District and the retired employee. The District recognized the cost of providing benefits for its retirees for fiscal year 2016 by recording \$2,339,735, its share of insurance premiums, as an expenditure in fiscal year 2016.

N. Deferred Outflows and Inflows of Resources

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Deferred Outflows and Inflows of Resources

the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Lastly is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

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

O. Capital Assets

Capital assets are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar 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 In Years</u>
Land	\$ 1,000	N/A	N/A
Construction in Progress	10,000	N/A	N/A
Buildings	10,000	SL	30-60
Site improvements	10,000	SL	10-50
Buildings and improvements	10,000	SL	20-60
Furniture and equipment	1,000	SL	5-10

P. Short-Term Debt

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. Short-Term Debt

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 BANs issued for capital purposes 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.

Q. Accrued Liabilities and Long-Term Obligations

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

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

R. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

R. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

- a. Total Fund equity of governmental fund vs. net position of governmental activities:

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

- b. Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Equity and the Statement of Activities fall into one of four broad categories. The differences represent:

Long-Term Revenue and 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.

Capital Related Differences

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

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 principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension Differences

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

S. Use of Estimates

The preparation of financial statements in conformity with GAAP 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other postemployment benefits, potential contingent liabilities, and the lives of long-term assets.

T. Vested Benefits

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in, first-out (LIFO) basis.

Upon retirement, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

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

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

U. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2016, the District implemented the following new standards issued by GASB:

GASB has issued Statement 72, *Fair Value Measurement and Application*, effective for the year ending June 30, 2016.

GASB has issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending June 30, 2016.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

V. Future Changes in Accounting Standards

GASB has issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for the year ending June 30, 2017.

GASB has issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the year ending June 30, 2017.

GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending June 30, 2018.

GASB has issued Statement 77, *Tax Abatement Disclosures*, effective for the year ending June 30, 2017.

GASB has issued Statement 81, *Irrevocable Split-Interest Agreements*, effective for the year ending June 30, 2018.

GASB has issued Statement 82, *Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73*, effective for the year ending June 30, 2017.

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

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2016 all deposits were fully insured and collateralized by the District's agent in the District's name.

Investments

Investments are stated at fair value and are categorized as either (1) insured or registered, or investments are held by the District or the District's agent in the District's name, (2) uninsured and unregistered, with the investments held by the financial institution's trust department in the District's name, (3) uninsured and unregistered, with investments held by the financial institution or its trust department but not in the District's name. The District had no investments at June 30, 2016.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

2. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Restricted Cash and Investments

General

Restricted cash and investments of \$2,466,560 at June 30, 2016 consist of \$250,000 restricted for Workers' Compensation Reserve, \$577,566 for Retirement Contribution Reserve and \$1,638,994 restricted for Employee Benefit Accrued Liability Reserve.

Debt Service

Restricted cash and investments (some of which is in due from other funds) of \$422,597 at June 30, 2016 are restricted for the repayment of debt.

Fiduciary

Restricted cash and investments of \$244,361 at June 30, 2016 consist of \$122,149 restricted for Extraclassroom Activity Funds, and \$101,545 restricted for Scholarships.

II. Interfund Receivables and Payables

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund receivable and payable balances at June 30, 2016 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 934,697	\$ 639,156	\$ 120,000	\$ 559,084
Special Aid Fund	189,616	457,050	58,099	-
School Lunch	-	157,009	500,985	-
Debt Service Fund	520,585	120,000	2,661	120,000
Capital Projects Funds	<u>270,680</u>	<u>162,595</u>	<u>-</u>	<u>2,661</u>
Total Government Activities	1,915,578	1,535,810	681,745	681,745
Fiduciary Fund	<u>-</u>	<u>379,768</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,915,578</u>	<u>\$ 1,915,578</u>	<u>\$ 681,745</u>	<u>\$ 681,745</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

2. DETAIL NOTES ON ALL FUNDS

A. Assets

III. Capital Assets

	Balance July 1, <u>2015</u>	<u>Additions</u>	<u>Impairments/ Deletions</u>	Balance June 30, <u>2016</u>
Governmental Activities				
Capital assets that are not depreciated:				
Land	\$ 90,062	\$ -	\$ -	\$ 90,062
Construction in process	<u>8,699,461</u>	<u>2,544,099</u>	<u>-</u>	<u>11,243,560</u>
Total nondepreciable historical Cost	<u>8,789,523</u>	<u>2,544,099</u>	<u>-</u>	<u>11,333,622</u>
Capital assets that are depreciated:				
Buildings and improvements	84,995,590	-	-	84,995,590
Furniture and equipment	<u>9,574,707</u>	<u>664,078</u>	<u>473,011</u>	<u>9,765,774</u>
Total depreciable historical cost	<u>94,570,297</u>	<u>664,078</u>	<u>473,011</u>	<u>94,761,364</u>
Less accumulated depreciation:				
Buildings and improvements	34,763,402	2,812,297	-	37,575,699
Machinery and equipment	<u>7,638,433</u>	<u>483,344</u>	<u>470,073</u>	<u>7,651,704</u>
Total accumulated Depreciation	<u>42,401,835</u>	<u>3,295,641</u>	<u>470,073</u>	<u>45,227,403</u>
Total Capital Assets, Net	\$ <u>60,957,985</u>	\$ <u>(87,464)</u>	\$ <u>2,938</u>	\$ <u>60,867,583</u>

Depreciation expense of \$3,295,641 for the year ended June 30, 2016 was allocated to specific functions as follows:

General	\$ 440,750
Instruction	2,602,077
Pupil transportation	<u>252,814</u>
	<u>\$ 3,295,641</u>

B. Liabilities

I. Pension Plans

General Information

The District participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). Collectively, TRS and ERS are referred to herein as the "Systems". 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.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Plan Descriptions

Teachers' Retirement System

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

Employees' Retirement System

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (The Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12208 or found at www.osc.state.ny.us/retire/publications/index.php.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Contributions

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

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>TRS</u>
2015-16	\$ 1,188,778	\$ 2,653,782
2014-15	\$ 1,281,036	\$ 3,430,683
2013-14	\$ 1,261,780	\$ 3,098,243

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

At June 30, 2016, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2016 for ERS and June 30, 2015 for TRS. The total net pension asset/(liability) used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2015	June 30, 2014
Net pension asset/(liability)	\$(3,834,738)	\$13,641,206
District's portion of the Plan's total net pension asset/(liability)	.0238920%	.131332%

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Pension Expense

For the year ended June 30, 2016, the District recognized its proportionate share of pension expense of \$1,369,947 for ERS and \$902,404 for TRS.

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experiences	\$ 19,378	\$ -	\$ 454,544	\$ 378,056
Changes of assumptions	1,022,609	-	-	-
Net difference between projected and actual earnings on pension plan investments	2,274,977	(6,084)	-	4,312,056
Changes in proportion and differences between contributions and proportionate share of contributions	208,801	-	-	60,621
Contributions subsequent to the measurement date	<u>300,365</u>	<u>2,724,280</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,826,130</u>	<u>\$ 2,718,196</u>	<u>\$ 454,544</u>	<u>\$ 4,750,733</u>

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension (liability)/asset in the year ended March 31, 2017 for ERS and June 30, 2016 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized within pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2016	\$ -	\$ 1,743,858
5017	785,227	1,743,858
2018	785,227	1,743,858
2019	785,227	(712,477)
2020	715,540	51,760
Thereafter	-	185,960

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2016	June 30, 2015
Actuarial valuation date	April 1, 2015	June 30, 2014
Interest Rate	7.0%	8.0%
Salary Scale	3.8%	4.01% - 10.91%*
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2005 - June 30, 2010 System's Experience
Inflation rate	2.5%	3.0%
Projected Cost of Living Adjustments	1.3% annually	1.625% annually

*TRS salary scale differs based on age and gender and have been calculated based upon recent NYSTRS member experience. See the following projected increases:

	<u>Age</u>	<u>Female</u>	<u>Male</u>
Projected salary increases	25	10.35%	10.91%
	35	6.26	6.27
	45	5.39	5.04
	55	4.42	4.01

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2005 - June 30, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2014 valuation are based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance

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

<u>ERS</u>	<u>Target Allocation</u>	<u>Long-term expected</u>
	<u>2016</u>	<u>Real rate of return*</u>
		<u>2016</u>
Asset Class:		
Domestic equities	38%	7.30%
International equities	13	8.55
Private Equity	10	11.00
Real estate	8	8.25
Absolute return strategies	3	6.75
Opportunistic portfolio	3	8.60
Real assets	3	8.65
Bonds and mortgages	18	4.00
Cash	2	2.25
Inflation-Indexed bonds	<u>2</u>	4.00
Total	<u>100%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.5% for 2016.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

<u>TRS</u>	<u>Target Allocation</u> <u>2014</u>	<u>Long-term expected</u> <u>Real rate of return*</u> <u>2014</u>
Asset Class:		
Domestic equities	37%	6.5%
International equities	18	7.7
Real estate	10	4.6
Alternative investments	<u>7</u>	9.9
Total equities	<u>72</u>	
Domestic fixed income securities	18	2.1
Global fixed income securities	2	1.9
Mortgages	8	3.4
Short-term	<u>-</u>	1.2
Total fixed income	<u>28</u>	
Total	<u>100%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.3% for 2014.

Discount Rate

The discount rate used to calculate the total pension (liability)/asset was 7.0% for ERS and 8.0% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (liability)/asset.

Sensitivity of the Proportionate Share of the Net Pension (Liability)/Asset to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension (liability)/asset calculated using the discount rate of 7% for ERS and 8% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6% for ERS and 7% for TRS) or 1-percentagepoint higher (8% for ERS and 9% for TRS) than the current rate:

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

ERS	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Employer's proportionate share of the net pension (asset)/liability	\$ 8,647,056	\$ 3,834,738	\$ (231,465)
 TRS	 1% Decrease <u>(7.0%)</u>	 Current Assumption <u>(8.0%)</u>	 1% Increase <u>(9.0%)</u>
Employer's proportionate share of the net pension (asset)/liability	\$ 930,506	\$(13,641,206)	\$(26,067,816)

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits. During the measurement periods, there were no changes of assumptions.

Collective Pension Expense

Collective pension expenses includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2016 is \$2,336,131.

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2016 amounted to \$300,365.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2016 are paid to the System in September, October and November 2016 through a state aid intercept. Accrued retirement contributions as of June 30, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2016 amounted to \$2,763,655.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as part of the General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

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

Interest paid	\$ -
Less interest accrued in the prior year	-
Plus interest accrued in the current year	181,125
Total Expense	<u>\$ 181,125</u>

The following is a summary of changes in short-term debt for the year ended June 30, 2016:

Balance, July 1	\$ 10,000,000
Increases	12,600,000
Decreases	<u>10,000,000</u>
Balance, June 30	<u>\$ 12,600,000</u>

Long-Term Debt

Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Interest on long-term debt was comprised of:

Interest paid	\$ 703,440
Less interest accrued in the prior year	(180,706)
Plus interest accrued in the current year	38,148
Less amortization of bond premium	(110,248)
Plus amortization of deferred expense	<u>123,655</u>
Total Expense	<u>\$ 574,289</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

Changes

The changes in indebtedness during the year ended June 30, 2016 are summarized as follows:

	Balance July 1,	Additions	Deletions	Balance June 30,
Serial Bonds	\$ 17,060,000	\$ -	\$ 2,025,000	\$ 15,035,000
Unamortized Premiums	767,177	-	110,248	656,929
Less: Unamortized Loss Refunding*	<u>(512,294)</u>	<u>-</u>	<u>(123,655)</u>	<u>(388,639)</u>
Total Bonds	17,314,883	-	2,011,593	15,303,290
Statutory Bonds	1,019,940	604,324	253,714	1,370,550
Compensated Absences	1,615,561	23,432	-	1,638,993
Other Postemployment Benefits (see Note 5)	<u>37,547,352</u>	<u>8,065,418</u>	<u>2,339,735</u>	<u>43,273,035</u>
Total	<u>\$ 57,497,736</u>	<u>\$ 8,693,174</u>	<u>\$ 4,605,042</u>	<u>\$ 61,585,868</u>

The above liabilities are liquidated by the general fund.

*This item is recorded as a deferred outflow on the statement of net position.

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$8,750,000 of bonds outstanding are considered defeased.

Maturity

The following is a summary of maturity of indebtedness:

Description of Issue	Original Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2016
<u>Serial Bonds</u>				
\$19.5 million Construction	2005	2023	3.75%-4.125%	\$ 7,765,000
\$13.1 million Excel	2010	2024	4.875%-5.00%	<u>7,270,000</u>
Total Serial Bonds				<u>\$ 15,035,000</u>
<u>Statutory Bonds</u>				
Installment Obligation \$621,568	2012	2017	1.80%	248,626
Installment Obligation \$647,000	2015	2020	2.17%	517,600
Installment Obligation \$604,324	2015	2020	2.00%	<u>604,324</u>
Total Statutory Bonds				<u>\$ 1,370,550</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,474,579	\$ 561,018	\$ 3,035,597
2018	2,554,577	475,365	3,029,942
2019	2,490,265	404,844	2,895,109
2020	2,010,265	329,585	2,339,850
2021	1,950,864	262,726	2,213,590
2022	1,890,000	195,925	2,085,925
2023-2024	<u>3,035,000</u>	<u>178,825</u>	<u>3,213,825</u>
Total	<u>\$ 16,405,550</u>	<u>\$ 2,408,288</u>	<u>\$ 18,813,838</u>

III. Constitutional Debt Limit

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 10% of the full valuation of taxable real estate within the District. At June 30, 2016, the District has exhausted 23.80% of its constitutional debt limit.

The voters have authorized the following debt which was unissued at June 30, 2016; \$12.9 million to finance reconstruction of various District buildings (\$12.6 million of which is reported as a BAN in the financial statements) and \$911,161 to finance the acquisition of vehicles.

3. COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

General Information

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

3. COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

Workers' Compensation Insurance

The District participates in a claims-servicing public entity risk pool, Rensselaer-Columbia-Greene Workers' Compensation Consortium (the Plan), to insure workers' compensation claims. The Plan, a consortium of school districts located in Rensselaer, Columbia and Greene counties of New York, was accepted as a self-insurer by the State of New York Workers' Compensation Board effective July 1, 1985. The Consortium is governed by a Plan Agreement administered by a Board of Directors, consisting of one Director for each member. As of June 30, 2016, there were 19 members in the Consortium. Workers' compensation benefits are provided by the Plan and administered under a contract with PMA Insurance Group, the third party claims administrator for the consortium.

The purpose of the Plan is to provide for the efficient and economical evaluation, processing, administration, defense and payment of claims against Plan members for workers' compensation and employers' liability payments through self-insurance and otherwise, to achieve cost savings for such claims and services, to provide risk management, to the extent permitted by law, to reduce future liability for workers' compensation and employer liability payments; and to perform all other functions reasonably necessary and incident to such purposes; including but not limited to, the obtaining of excess workers' compensation insurance and employers' liability insurance for the Plan members. Current coverage limits are \$1,000,000 per occurrence for employers' liability and excess workers' compensation insurance coverage for paid workers' compensation claims in excess of \$600,000 per individual occurrence.

The Plan provides that each member continues to be individually liable for workers' compensation payments to employees and for employers' liability payments to third parties. The Plan is a public entity risk pool without any transfer of risk among the participants.

To fund the Plan, each plan member is assessed an annual premium for workers' compensation coverage in accordance with a reasonable estimate of each member's responsibility for actual claims and expenses of the Plan. Assessments are based on such factors as the cost of insurance premiums, the amount of anticipated interest income, number of employees, payrolls, claims experience, services rendered, benefits received and other relevant factors.

Health Insurance Plan

The District participates in the Rensselaer-Columbia-Greene Health Insurance Trust, which is a Trust formed under New York State Insurance Law on June 30, 1988. The Trust's purpose is to provide for the purchase of policies of group health, prescription, dental and vision insurance, pursuant to Insurance Law Section 4235, and to provide related services to its members. There are currently 24 members of the Trust.

The Trust is governed by a Trust Agreement and a Board of Trustees who execute the provisions of the Trust, as set forth in the Agreement.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

3. COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

Health Insurance Plan

Premium costs for group health insurance and related policies purchased and for group health insurance administration are allocated among the Trust members. Payments made by members to the Trust for such policies are paid to the group insurance carriers by the Trust. The Trust has contracted with Benetech for third party administration.

The District participates in the health and prescription plans offered through the Trust.

B. Other Items

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

4. POSTEMPLOYMENT BENEFITS

Plan Description

The District administers the postemployment benefits as a single-employer defined benefit plan (the Plan), through which retirees and their spouses receive benefits for the lifetime of the retired employee. The Plan provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses and can be amended by action of the District subject to applicable collective bargaining and employment agreements, and Board of Education Policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The obligations of the Plan members, employers and other contributing entities are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when they retired and their applicable agreement. Employees are required to reach age 55 and have 5 to 16 years of service to qualify for other postemployment benefits. The District currently funds the plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2016, \$2,339,735 was paid on behalf of 280 retirees.

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

4. POSTEMPLOYMENT BENEFITS

Actuarial Methods and Assumptions

The actuarial valuation date is as of July 1, 2014. 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 District are subject to continual revision as actual results are compared with past expectations and new estimates about the future. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements.

Projection of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the District 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 District and Plan members to that point. The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Actuarial Methods and Assumptions

The actuarial funding method used to calculate the costs of the Plan is known as the Projected Unit Credit Method. Under this method, the present value of each employee's future retiree health benefit claims costs is allocated over a portion of the employee's employment, the "attribution period." The attribution period for this group begins with the employee's date of employment and ends with the date on which the employee is expected to retire. The accrued liability for active employees is the portion of benefit liability attributed to service years to date. Normal cost is the amount of benefit liability attributed to the current employment year. Normal cost for retired employees is zero. The initial accrued liability is amortized over a 30-year period using the level dollar method. Actuarial gains and losses will be determined annually and amortized over a fixed 15-year period.

The following assumptions were used in the calculation: a) A 4.0% discount rate b) initial medical cost trend of 9.0% that is downgraded 0.5% per year to an ultimate rate of 5.00% in 2022, c) mortality from RP 2000 Combined Mortality Table, d) retirement and termination rates used are those that are used in the NYS ERS and TRS pension fund valuations, e) 100% of future retirees eligible for coverage will elect the benefit, 20% of future spouses of retirees eligible for coverage will elect the benefit, f) initial per capita claims costs are based on the premium levels of the plans utilized; per capita costs for retired employees are based on current plan enrollment; per capita costs for future retirees are based on an assumption that the employee will enroll in the PPO plan at retirement. These assumptions have remained consistent with the previous year.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

4. POSTEMPLOYMENT BENEFITS

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table summarizes the Annual OPEB Cost:

	<u>2016</u>	<u>2015</u>
Annual Required Contribution	\$ 8,651,808	\$ 8,502,301
Interest on OPEB Obligation	1,501,894	1,251,852
Adjustment to ARC	<u>(2,088,284)</u>	<u>(1,459,035)</u>
OPEB Expense	<u>\$ 8,065,418</u>	<u>\$ 8,295,118</u>
Net OPEB Obligation at the beginning of the year	\$ 37,547,352	\$ 31,296,291
OPEB Expense	8,065,418	8,295,118
Net OPEB Contributions made during the fiscal year	<u>(2,339,735)</u>	<u>(2,044,057)</u>
Net OPEB Obligation at the end of the year	<u>\$ 43,273,035</u>	<u>\$ 37,547,352</u>
Percentage of Expense Contributed	29.0%	24.6%

Funded Status

	<u>2016</u>
Actuarial Accrued Liability at end of year	\$ 84,005,292
Plan Assets at end of year	-
Unfunded Actuarial Accrued Liability	<u>\$ 84,005,292</u>
Percentage of Funded Accrued Liability	0%

The District's annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ending June 30, 2016, 2015, 2014, 2013, 2012, 2011 and 2010 are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2016	\$8,065,418	29.0%	\$43,273,035
June 30, 2015	\$8,295,118	24.6%	\$37,547,352
June 30, 2014	\$7,702,146	23.0%	\$31,296,291
June 30, 2013	\$7,431,638	23.0%	\$25,314,306
June 30, 2012	\$6,558,401	23.4%	\$19,594,787
June 30, 2011	\$6,403,261	24.0%	\$14,572,781
June 30, 2010	\$6,215,988	23.6%	\$ 9,703,722

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

5. DEFICIT FUND EQUITY

The School Lunch Fund had a fund deficit of \$46,992, the District has implemented a plan to address the deficit.

The Capital Projects fund had a fund deficit of \$10,778,357. This amount will be reduced as permanent financing is obtained.

6. SUBSEQUENT EVENTS

The District has evaluated subsequent events through September 19, 2016, which is the date these financial statements were issued. All subsequent events requiring recognition or disclosure as of June 30, 2016, have been incorporated into these financial statements herein.

AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Adopted Budget</u>	<u>Prior Year Encumbrances</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenues						
Local Sources						
Real property taxes	\$ 28,712,910	\$ -	\$ 28,712,910	\$ 28,712,910	\$ 28,701,394	\$ (11,516)
Other tax items	50,000	-	50,000	50,000	51,278	1,278
Charges for services	1,036,733	-	1,036,733	1,069,786	1,096,683	26,897
Use of money and property	327,400	-	327,400	327,400	338,746	11,346
Sale of property and compensation for loss	1,000	-	1,000	1,000	28,178	27,178
Miscellaneous	406,000	-	406,000	578,516	743,497	164,981
Total Local Sources	30,534,043	-	30,534,043	30,739,612	30,959,776	220,164
State sources	22,507,458	-	22,507,458	22,523,458	22,868,973	345,515
Federal sources	100,000	-	100,000	100,000	117,538	17,538
Other Sources						
Transfers from other funds	120,000	-	120,000	120,000	120,000	-
Total Revenue and Other Sources	53,261,501	-	53,261,501	53,483,070	\$ 54,066,287	\$ 583,217
Other Financing Sources						
Appropriated fund balance	645,000	305,601	950,601	950,601		
Total Revenues and Other Financing Sources	\$ 53,906,501	\$ 305,601	\$ 54,212,102	\$ 54,433,671		

AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Adopted Budget	Prior Year Encumbrances	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual and Encumbrances
Expenditures							
General Support							
Board of education	\$ 32,375	\$ 1,423	\$ 33,798	\$ 41,879	\$ 23,160	\$ -	\$ 18,719
Central administration	418,293	-	418,293	419,329	414,931	-	4,398
Finance	681,964	-	681,964	684,286	652,767	-	31,519
Staff	98,673	-	98,673	149,203	139,802	2,500	6,901
Central services	2,883,435	65,513	2,948,948	2,883,734	2,670,921	83,587	129,226
Special items	820,186	-	820,186	828,624	828,219	-	405
Total General Support	4,934,926	66,936	5,001,862	5,007,055	4,729,800	86,087	191,168
Instruction							
Instruction, administration and improvement	1,689,393	4,500	1,693,893	1,698,588	1,637,103	78	61,407
Teaching - regular school	14,905,738	99,293	15,005,031	15,333,970	15,031,544	209,954	92,472
Programs for children with handicapping conditions	6,402,765	-	6,402,765	6,818,512	6,743,891	23,690	50,931
Occupational education	686,028	-	686,028	699,064	699,064	-	-
Teaching - special school	51,493	-	51,493	56,065	50,936	-	5,129
Instructional media	1,429,439	35,052	1,464,491	1,456,647	1,330,103	66,282	60,262
Pupil services	2,370,558	24,416	2,394,974	2,561,183	2,430,945	54,017	76,221
Total Instruction	27,535,414	163,261	27,698,675	28,624,029	27,923,586	354,021	346,422
Other							
Pupil transportation	2,965,586	404	2,965,990	2,944,468	2,713,011	56,043	175,414
Community services	-	-	-	-	-	-	-
Employee benefits	15,313,496	-	15,313,496	14,215,783	14,048,831	-	166,952
Debt Service - Principal	2,278,714	-	2,278,714	2,278,714	2,278,714	-	-
Debt Service - Interest	828,365	75,000	903,365	812,637	703,440	-	109,197
Total Other	21,386,161	75,404	21,461,565	20,251,602	19,743,996	56,043	451,563
Total Expenditures	53,856,501	305,601	54,162,102	53,882,686	52,397,382	496,151	989,153
Other Financing Uses							
Transfers to other funds	50,000	-	50,000	550,985	559,084	-	(8,099)
Total Expenditures and Other Uses	\$ 53,906,501	\$ 305,601	\$ 54,212,102	\$ 54,433,671	\$ 52,956,466	\$ 496,151	\$ 981,054
Net Change in fund balance					\$ 1,109,821		
Fund equity - beginning					4,900,601		
Fund equity - ending					<u>6,010,422</u>		

**AVERILL PARK CENTRAL SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS FOR
 THE RETIREE HEALTH PLAN
 JUNE 30, 2016**

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)
07/01/10	\$ -	\$61,827,719	\$61,827,719	NA	\$29,101,545	212.00%
07/01/12	\$ -	\$79,352,150	\$79,352,150	NA	\$26,464,336	300.00%
07/01/14	\$ -	\$84,005,292	\$84,005,292	NA	\$27,610,064	304.00%

Note: The actuary provides this data for full valuation years not update years.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2016**

ERS Pension Plan
Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.02%	0.02%
Proportionate share of the net pension liability (asset)	\$ 3,834,738	\$ 804,227
Covered-employee payroll	\$ 7,533,893	\$ 6,861,721
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	50%	12%
Plan fiduciary net position as a percentage of the total pension liability	90.7%	97.9%

TRS Pension Plan
Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.13%	0.13%
Proportionate share of the net pension liability (asset)	\$ (13,641,206)	\$ (14,413,357)
Covered-employee payroll	\$ 20,546,918	\$ 19,511,261
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-66%	-74%
Plan fiduciary net position as a percentage of the total pension liability	110.46%	111.48%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled this presentation will only include information for those years for which information is available.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULES OF DISTRICT CONTRIBUTIONS
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2016**

ERS Pension Plan
Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,189,507	\$ 1,308,693
Contributions in relation to the contractually required contribution	<u>(1,189,507)</u>	<u>(1,308,693)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 7,533,893	\$ 6,861,721
Contributions as a percentage of covered-employee payroll	15.79%	19.07%

TRS Pension Plan
Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,458,291	\$ 3,105,875
Contributions in relation to the contractually required contribution	<u>(3,458,291)</u>	<u>(3,105,875)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 20,546,918	\$ 19,511,261
Contributions as a percentage of covered-employee payroll	16.83%	15.92%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However until a full 10-year trend is compiled this presentation will only include information for those years for which information is available.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL
BUDGET AND SCHEDULE OF THE SECTION 1318 OF REAL PROPERTY TAX
LAW LIMIT CALCULATION
FOR THE YEAR ENDED JUNE 30, 2016**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$	53,906,501
Add: Prior year's encumbrances		305,601
Original Budget		54,212,102
Additions:		
Budget Amendments		221,569
Final Budget	\$	54,433,671

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2016-17 [subsequent year's] voter-approved expenditure budget	\$	56,173,142
Maximum allowed (4% of 2016-17 [subsequent year's] budget)		2,246,926

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

Unrestricted Fund Equity:		
Committed Fund Equity	\$	-
Assigned Fund Equity		1,276,151
Unassigned Fund Equity		2,267,711
Total Unrestricted Fund Equity	\$	3,543,862

Less:		
Appropriated Fund Equity		780,000
Insurance Recovery Reserve		-
Tax Reduction Reserve		-
Encumbrances included in Committed and Assigned Fund Equity		496,151
Total Adjustments	\$	1,276,151

General Fund Fund Equity Subject to Section 1318 of Real Property Tax Law	\$	2,267,711
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Actual percentage		4.04%
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* Per office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES -
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2016**

Project Title	SED Project Number	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Equity (Deficiency) June 30, 2016
				Prior Years	Current Year	Total		State Sources	Local Sources	Financed Sources	Total	
Excel II Project \$12.9 million												
Algonquin Middle School	0009-009	\$ 693,600	\$ 693,600	\$ 215,251	\$ 72,814	\$ 288,065	\$ 405,535	\$ 157,001	\$ -	\$ -	\$ 157,001	\$ (131,064)
Algonquin Middle School	0009-010	889,000	889,000	227,650	578,632	806,282	82,718	-	-	-	-	(806,282)
Averill Park High School	0001-009	1,166,000	1,166,000	1,086,361	-	1,086,361	79,639	-	-	-	-	(1,086,361)
Averill Park High School	0001-010	6,185,300	5,926,671	4,369,547	1,263,123	5,632,670	294,001	200,000	-	-	200,000	(5,432,670)
Averill Park High School	0001-011	-	258,629	-	258,629	258,629	-	-	-	-	-	(258,629)
George Washington Elementary School	0017-006	167,400	167,400	194,816	70,815	265,631	(98,231)	-	-	-	-	(265,631)
George Washington Elementary School	0017-007	174,000	174,000	25,548	-	25,548	148,452	-	-	-	-	(25,548)
Miller Hill Elementary School	0010-005	612,500	612,500	523,328	-	523,328	89,172	100,000	-	-	100,000	(423,328)
Miller Hill Elementary School	0010-006	525,000	525,000	550,975	-	550,975	(25,975)	-	-	-	-	(550,975)
Miller Hill Elementary School	0010-007	316,600	316,600	115,180	37,736	152,916	163,684	-	-	-	-	(152,916)
Miller Hill Elementary School	0010-008	427,000	427,000	78,722	200,329	279,051	147,949	-	-	-	-	(279,051)
Poestenkill Elementary School	0004-006	343,000	343,000	442,974	-	442,974	(99,974)	-	-	-	-	(442,974)
Poestenkill Elementary School	0004-007	301,900	301,900	114,403	36,606	151,009	150,891	-	-	-	-	(151,009)
Poestenkill Elementary School	0004-008	150,000	150,000	38,688	178,027	216,715	(66,715)	-	-	-	-	(216,715)
Transportation Center	5016-004	413,000	413,000	263,982	3,429	267,411	145,589	-	-	-	-	(267,411)
Transportation Center	5016-005	105,000	105,000	24,817	-	24,817	80,183	-	-	-	-	(24,817)
West Sand Lake Elementary School	0006-008	349,100	349,100	92,641	-	92,641	256,459	-	-	-	-	(92,641)
West Sand Lake Elementary School	0006-009	81,600	81,600	129,377	-	129,377	(71,044)	-	-	-	-	(152,644)
School Bus & Equipment Purchase		1,251,324	1,251,324	645,920	601,663	1,247,583	3,741	-	-	1,251,324	1,251,324	3,741
Transfer to Debt Service Fund		-	-	-	-	-	-	-	(21,432)	-	(21,432)	(21,432)
Totals		<u>\$ 14,151,324</u>	<u>\$ 14,151,324</u>	<u>\$ 9,140,180</u>	<u>\$ 3,325,070</u>	<u>\$ 12,465,250</u>	<u>\$ 1,686,074</u>	<u>\$ 457,001</u>	<u>\$ (21,432)</u>	<u>\$ 1,251,324</u>	<u>\$ 1,686,893</u>	<u>\$ (10,778,357)</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2016**

Capital Assets, Net		\$	60,867,583
Add:			
Cash on hand	\$	1,750,943	
Deferred Bond Costs		<u>388,639</u>	
			2,139,582
Deduct:			
Bond anticipation note	\$	12,600,000	
Short-term portion of bonds payable		2,474,549	
Long-term portion of bonds payable		13,930,971	
Premium on bonds		<u>656,929</u>	
			<u>29,662,449</u>
Net Investment in Capital Assets		\$	<u><u>33,344,716</u></u>

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

Kevin J. McCoy, CPA
Thomas W. Donovan, CPA
Frank S. Venezia, CPA
James E. Amell, CPA
Carol A. Hausamann, CPA
Daniel J. Litz, CPA
Karl F. Newton, CPA
Kevin P. O'Leary, CPA
Timothy A. Reynolds, CPA
Heather D. Patten, CPA

To the President and Members
of the Board of Education
Averill Park Central School District

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 and each major fund of the Averill Park Central School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 19, 2016.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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.

Marvin and Company, P.C.

Latham, NY

September 19, 2016

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SINGLE AUDIT
SUPPLEMENTARY FINANCIAL REPORT
JUNE 30, 2016**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL
CONTROL OVER COMPLIANCE; AND REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Kevin J. McCoy, CPA
Thomas W. Donovan, CPA
Frank S. Venezia, CPA
James E. Amell, CPA
Carol A. Hausamann, CPA
Daniel J. Litz, CPA
Karl F. Newton, CPA
Kevin P. O'Leary, CPA
Timothy A. Reynolds, CPA
Heather R. Lewis, CPA
Heather D. Patten, CPA

To the President and Members
of the Board of Education of
Averill Park Central School District

Report on Compliance for Each Major Federal Program

We have audited the Averill Park Central School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Averill Park Central School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and each major fund of the Averill Park Central School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated September 19, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of management, the audit committee, the Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Marvin and Company, P.C.

Latham, NY

September 19, 2016

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Passed Through To Subrecipient</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Education</u>				
Passed Through New York State Education Department:				
Special Education Cluster				
Special Education - Grants to States	84.027	0032-16-0756		\$ 647,428
Special Education Preschool Grants	84.173	0033-16-0756		<u>37,491</u>
Total Special Education Cluster				<u>684,919</u>
Title I Grants to Local Educational Agencies	84.010	0021-16-2575		204,582
Title I Grants to Local Educational Agencies	84.010	0021-15-2575		7,709
Improving Teacher Quality State Grants	84.367	0147-16-2575		92,507
Improving Teacher Quality State Grants	84.367	0147-15-2575		<u>8,948</u>
Total U.S. Department of Education				<u>998,665</u>
<u>U.S. Department of Agriculture</u>				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
National School Lunch Program	10.555	Not Applicable		225,336
School Breakfast Program	10.553	Not Applicable		40,846
Food Distribution	10.555	Not Applicable		<u>56,796</u>
Total Child Nutrition Cluster				<u>322,978</u>
Total U.S. Department of Agriculture				<u>322,978</u>
Total Expenditures of Federal Awards				<u>\$ 1,321,643</u>

AVERILL PARK CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the Averill Park Central School District (District), which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District financial statements. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Schedule only presents a selected portion of the operations of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The federal expenditures are recognized, as applicable, either under the cost principles in OMB Circular A-133, *Compliance Supplement*, or the cost principles contained in the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited to reimbursement.

3. SCOPE OF AUDIT

The Averill Park Central School District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

4. NON-CASH ASSISTANCE

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2016, the District received food commodities totaling \$56,796.

5. INDIRECT COST RATE

The Averill Park Central School District did not elect to use the 10% de minimus cost rate.

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes X no
- Significant deficiency(ies) identified? ___yes X none reported

Noncompliance material to financial statements noted? ___yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___yes X no
- Significant deficiency(ies) identified? ___yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027 and 84.173	Special Education Program Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes ___no

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

None

Section III: Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal awards which are required to be reported in accordance with the Uniform Guidance 2 CFR section 200.516(a):

None