

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2015**

# AVERILL PARK CENTRAL SCHOOL DISTRICT

## TABLE OF CONTENTS

	<b>PAGE</b>
INDEPENDENT AUDITOR'S REPORT	1 - 3
<b><u>SECTION A - MANAGEMENT'S DISCUSSION AND ANALYSIS</u></b>	
MANAGEMENT'S DISCUSSION AND ANALYSIS	A1 - A9
<b><u>SECTION B - BASIC FINANCIAL STATEMENTS</u></b>	
<b><u>DISTRICT-WIDE FINANCIAL STATEMENTS</u></b>	
STATEMENT OF NET POSITION	B1
STATEMENT OF ACTIVITIES	B2
<b><u>FUND FINANCIAL STATEMENTS</u></b>	
BALANCE SHEET - GOVERNMENTAL FUNDS	B3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS	B4
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	B5
<b><u>FIDUCIARY FUND FINANCIAL STATEMENTS</u></b>	
STATEMENT OF NET POSITION - FIDUCIARY FUNDS	B6
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	B6
NOTES TO FINANCIAL STATEMENTS	B7 - B39
<b><u>SECTION C - REQUIRED SUPPLEMENTAL INFORMATION</u></b>	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - GENERAL FUND	C1 - C2
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN	C3
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)	C4
SCHEDULES OF DISTRICT CONTRIBUTIONS	C5

# AVERILL PARK CENTRAL SCHOOL DISTRICT

## TABLE OF CONTENTS

	<b>PAGE</b>
<b><u>SECTION D - SUPPLEMENTAL INFORMATION</u></b>	
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET	D1
SCHEDULE OF THE SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION	D1
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND	D2
NET INVESTMENT IN CAPITAL ASSETS	D3
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	E1 - E2
<b><u>SINGLE AUDIT SECTION</u></b>	
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 OMB CIRCULAR A-133	1 - 2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	3
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	5 - 6

## 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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.

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## **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, 2015, 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.

## **Change in Accounting Principle**

As discussed in Note 2.B.I. to the financial statements, the District changed its method of accounting for pensions in 2014/2015 as required by the provisions of GASB Accounting Standards Update Numbers 68 and 71. Our opinion is not modified with respect to that matter.

## **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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Report on Other Legal and Regulatory Requirements**

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting

and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Marvin and Company, P.C.*

Latham, NY  
September 16, 2015

## **AVERILL PARK CENTRAL SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDING JUNE 30, 2015**

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, 2015. 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 2014-15 actual revenues were \$251,835 greater than budgeted revenues.
- The primary revenue accounts generating this positive variance were the State Aid - Prior Year Adjustment account and Medicaid Part D Subsidy account with actual revenues exceeding budgeted by totaling \$130,780 and \$137,371 respectively.
- The District has tuition agreements with the North Greenbush Common School District and the Wynantskill Union Free School District for the educating students from those Districts. These tuition agreements generated \$905,841 in revenue for the District in 2014-15 resulting in a positive budget variance of \$74,108.
- The 2014-15 expenditure budget was approved for \$52,867,185, carryover encumbrances totaled \$127,009 and the Board of Education approved additional budgetary expenditures of \$573,006 bringing the total adjusted budget to \$53,567,200.
- District expenditures and encumbrances for the 2014-15 fiscal year concluded with a favorable variance from budget of \$780,709 or about 1.46% of the revised \$53,567,200 budget.
- During the fiscal year, the District issued a 12 month \$10 million bond anticipation note (BAN) at a .75% interest rate to fund its ongoing capital project. Principal and interest payments of \$10,075,000 for this BAN were due on July 15, 2015.
- The District also issued a 5-year \$647,000 statutory installment bond at 2.17% to finance purchasing eight school buses and one pickup truck.
- The District's liability for compensated absences using the "Vesting Method" of accounting increased by \$14,161 to \$1,615,561 as of June 30, 2015.
- 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, 2015 was \$2,056,873, an increase of \$89,651 from June 30, 2014. The June 30, 2015 fund balance is 3.82% of the 2015-16 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 raise taxes above the tax levy cap, requires a super majority (60% plus one yes votes) to approve the tax levy increase.

- In May 2015, the \$53,906,501 2015-16 budget proposed by the Board was approved by a 77% margin. The 2015-16 budget represented an increase of \$1,039,316 from 2014-15 budget.
- In 2014, the State Legislature and Governor enacted legislation that provides a tax freeze credit to qualified homeowners. To qualify, a homeowner must:
  - be eligible for the School Tax Relief (STAR) property tax exemption; and
  - live in a taxing jurisdiction that both:
    - limits any increase in its tax levy to a property tax cap set by State law; and
    - develops and implements a Government Efficiency Plan determined to be compliant by the New York State Division of Budget (DOB).

Qualified homeowners will receive a Freeze Credit equal to the greater of:

- the actual increase in their homeowner's tax bill; or
- the previous year's tax bill multiplied by an inflation factor (the lesser of 2% or inflation).

For 2015 the inflation factor for school districts is 1.62%. In year one of the program, homeowners will receive the Freeze Credit if their school district stays within the property tax cap.

- In August 2014, the Board approved the 2014-15 tax levy which was within the allowable levy limit and compliant with the year-one requirements of the tax freeze program, as a result qualifying taxpayers received school tax increase refunds as established by law.
- The District submitted its Government Efficiency Plan required under the property tax freeze program in June 2015 and anticipates the plan's certification of compliance will be received in the Fall of 2015.
- In August 2015, the Board approved the \$28,712,910 2015-16 tax levy, an increase of 2.25% over the 2014-15 tax levy which was within the District's property tax cap of 2.25%. The District's compliance with the 2015-16 tax levy limit, combined with its approved Government Efficiency Plan make qualified homeowners again eligible for refund of their school tax increase in 2015-16.
- 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 four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary 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 assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference 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 accounts that are 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 \$7.6 million at the close of the most recent fiscal year.

#### **Net Position (in thousands of dollars)**

	<i>Fiscal Year</i> <u>2015</u>	<i>Fiscal Year</i> <u>2014</u>
<i>Governmental Activities</i>		
<i>Current and other assets</i>	\$ 11,437	\$ 6,477
<i>Long-Term Receivables</i>	566	
<i>Capital assets</i>	60,958	56,634
<i>Net Pension Assets</i>	<u>14,413</u>	
<i>Total assets</i>	\$ <u>87,374</u>	\$ <u>63,111</u>
<i>Deferred Outflows of Resources</i>		
<i>Loss on Refunding</i>	512	637
<i>Pensions</i>	<u>4,037</u>	<u>0</u>
<i>Total Deferred Outflows</i>	4,549	637
<i>Total Assets &amp; Deferred Outflows</i>	91,923	63,748
<i>Current Liabilities</i>		
<i>Current Liabilities</i>	\$ 33,631	\$ 6,737
<i>Long-term liabilities</i>	<u>40,734</u>	<u>51,209</u>
<i>Total liabilities</i>	\$ 74,365	\$ 57,946
<i>Deferred Inflows of Resources</i>		
<i>Pensions</i>	\$ 9,891	\$ 0
<i>Net position</i>		
<i>Invested in capital assets, net of related debt</i>	\$ 32,623	\$ 36,728
<i>Restricted</i>	2,326	1,792
<i>Unrestricted</i>	<u>(27,282)</u>	<u>(32,718)</u>
<i>Total Net Position (Deficit)</i>	\$ <u>7,667</u>	\$ <u>5,802</u>

Net Position increased by \$1,864,614. Total assets and deferred outflows of resources increased by \$28,174,839, total liabilities and deferred outflows of resources increased \$26,310,225.

The rise in assets is substantially due to an increase in capital assets of \$4,324,428 related mainly to the District's ongoing capital construction project, along with an increase in the District's unassigned fund balance and reserves resulting from positive budget variances. Additionally, the implementation of both

net pension asset recognition and deferred outflow of resources recognition related to pensions increased the total assets by \$18,450,036.

The increase in liabilities results primarily from the issuance of debt, including a \$10,000,000 bond anticipation note for capital construction and a \$647,000 statutory installment bond for the purchase of school buses and other equipment. The implementation of both net pension liability recognition and deferred inflow of resources recognition related to pensions increased the total liabilities by \$10,695,132. These increases were partially offset by repayments of long-term debt totaling \$2,231,714.

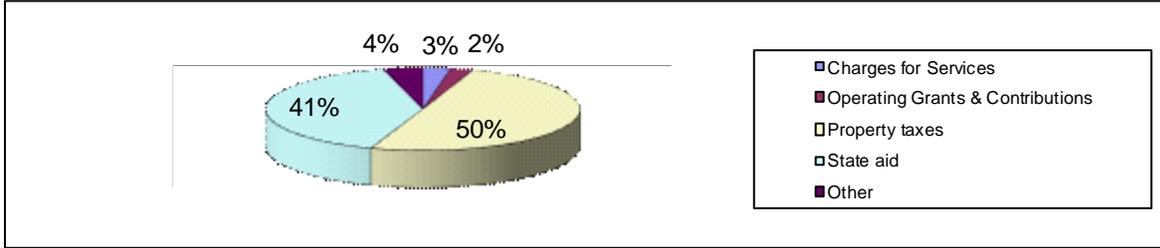
The District has reserved funds from unrestricted funds for the following purposes:

- *Appropriated fund balance* of \$645,000. The District has designated this portion for the subsequent year to reduce the tax levy.
- *Reserve for encumbrances* of \$305,601. Net position 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* \$100,000. The District has reserved funds to pay for future employees retirement system cost.
- *Unemployment Insurance Reserve* \$177,566. The District has set aside funds to pay for future unemployment insurance claims.
- *Reserve for Debt* of \$432,838. The District will use these funds to pay down debt.
- *Reserve for Employee Benefit Accrued Liability* of \$1,615,561. The District will use these funds to pay accrued employee benefits due upon termination of the employee's service.

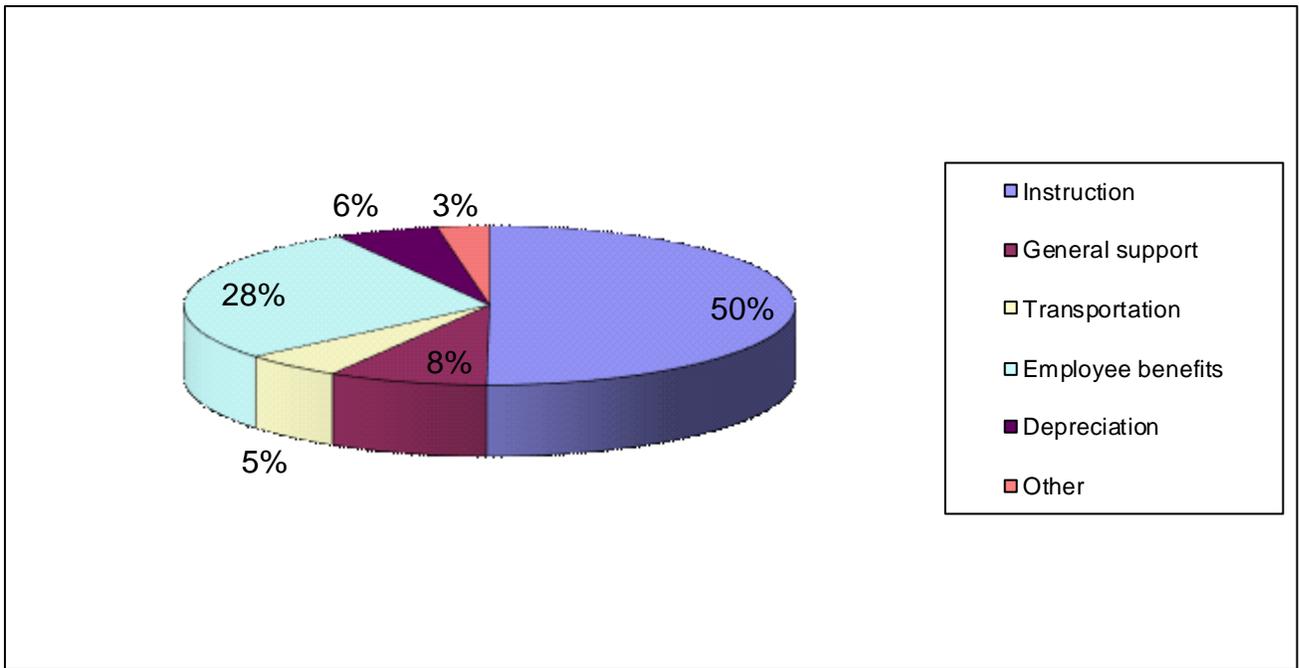
**Statement of Activities (in thousands of dollars)**

	<i>Fiscal Year</i> <u>2015</u>	<i>Fiscal Year</i> <u>2014</u>
<i>Revenues</i>		
<i>Program revenues</i>		
Charges for services	\$ 1,595	\$ 1,581
Operating Grants & Contributions	<u>1,305</u>	<u>1,287</u>
Total Program Revenues	<u>2,900</u>	<u>2,868</u>
<i>General revenues</i>		
Property taxes	28,074	27,476
State aid	22,681	23,593
Other	<u>2,301</u>	<u>1,808</u>
Total General Revenues	<u>53,056</u>	<u>52,877</u>
Total Revenues	\$ <u>55,956</u>	\$ <u>55,745</u>
<i>Expenses</i>		
General support	\$ 5,094	\$ 5,341
Instruction	30,425	30,364
Transportation	3,211	3,071
Employee benefits	16,920	20,105
Debt service – interest	860	854
Cost of sales – Food	<u>818</u>	<u>865</u>
Total Expenses	\$ <u>57,328</u>	\$ <u>60,600</u>
Increase (Decrease) in net position	\$ (1,372)	(4,855)
Cumulative effect of change in Accounting Principles	\$ <u>3,236</u>	<u>0</u>
Total change in net position	\$ <u>1,864</u>	\$ <u>(4,855)</u>

**Sources of Revenues for Fiscal Year 2015**



**Expenses for Fiscal Year 2015**



## 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 \$6,340,442 comprising 7.26% of total district assets. \$1,893,127 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 exceeded revised budgetary estimates by \$251,835 and expenditures and encumbrances were under revised budgetary estimates by \$780,709 or 1.46%.

The District's unassigned fund balance of \$2,056,873 as of June 30, 2015 was 3.82% of the \$53,906,501 2015-16 budget an increase of \$89,651 from the June 30, 2014 unassigned fund balance of \$1,967,222.

### Capital Asset and Debt Administration

#### **Capital Assets**

As of June 30, 2015, the District had invested \$60,957,985, net of accumulated depreciation, in a broad range of capital assets, including school buildings. Total depreciation expense for the year was \$3,344,549. District voters approved in May 2013 a \$12.9 million district-wide capital project that commenced construction in June of 2014.

The following summarizes capital assets, net of accumulated depreciation, at June 30, 2015 and 2014:

	<u>6/30/15</u>	<u>6/30/14</u>
Land	\$ 90	\$ 96
Construction in progress	8,699	1,859
Buildings	50,004	52,774
Furniture and equipment	491	715
Land/site improvements	229	303
Licensed vehicles	1,445	887
Total Capital Assets, Net of Depreciation	<u>\$ 60,958</u>	<u>\$ 56,634</u>

#### **Long-Term Debt**

At June 30, 2015, the District had \$57,497,736 in general obligation bonds and other long-term debt outstanding, an increase of 8.89% 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 long-term debt at June 30, 2015 and 2014:

	<u>6/30/15</u>	<u>6/30/14</u>
Serial Bonds	\$ 17,060	\$ 19,005
Unamortized Premiums	767	878
Deferred amounts on refunding	(512)	(640)
Installment Purchase Debt	1,020	660

Other Post Employment Benefits	37,547	31,296
Compensated Absences	<u>1,615</u>	<u>1,601</u>
Total Long-Term Debt	\$ <u>57,497</u>	\$ <u>52,800</u>

**Economic Factors and Next Year’s Budgets and Rates**

- In May 2015 the district’s proposed \$53,906,501 2015-16 budget was approved by the voters. The 2015-16 budget represented an increase of \$1,047,335 from 2014-15 budget.
- The voter approved 2015-16 tax levy of \$28,712,910, an increase of 2.25% 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, 2015**

**ASSETS**

Cash - Unrestricted	\$	7,092,838
Cash - Restricted		1,893,127
State and Federal Aid Receivable		1,090,435
Due From Other Governments		575,710
Due From Other Funds		732,160
Other Receivables, net		33,805
Inventories		18,927
Long-Term Accounts Receivable		565,677
Capital Assets, net		60,957,985
Net Pension Asset, Proportionate Share		14,413,357
<b>Total Assets</b>	<b>\$</b>	<b><u>87,374,021</u></b>
Deferred Outflows of Resources		
Loss on Refunding		512,294
Pensions		4,036,679
<b>Total Deferred Outflows of Resources</b>	<b>\$</b>	<b><u>4,548,973</u></b>
<b>Total Assets &amp; Deferred Outflow of Resources</b>	<b>\$</b>	<b><u><u>91,922,994</u></u></b>

**LIABILITIES**

Accounts Payable	\$	1,332,702
Retainage Payable		205,200
Due to Other Governments		275
Accrued Interest Payable		180,706
Refundable Advances		17,185
Due to Teachers' Retirement System		3,513,889
Due to Employees' Retirement System		301,094
Bond Anticipation Notes		10,000,000
Long-Term Liabilities - Due and Payable Within One Year		
Bonds		2,278,714
Long-Term Liabilities - Due and Payable After One Year		
Bonds		15,801,226
Compensated Absences		1,615,561
Other postemployment benefits payable		37,547,352
Premium on Bonds		767,177
Net Pension Liability, Proportionate Share		804,227
<b>Total Liabilities</b>		<b><u>74,365,308</u></b>
Deferred Inflows of Resources		
Pensions		<u>9,890,905</u>

**NET POSITION**

Net Investment in Capital Assets		32,623,162
Restricted		2,325,965
Unrestricted		<u>(27,282,346)</u>
<b>Total Net Position</b>		<b><u>7,666,781</u></b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$</b>	<b><u><u>91,922,994</u></u></b>

See accompanying notes to financial statements.

B1.

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

		<b>Program Revenues</b>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
<b>Functions/Programs</b>					
General Support	\$ 5,094,321	\$ -	\$ -	\$	(5,094,321)
Instruction	30,425,154	1,144,201	996,177		(28,284,776)
Pupil Transportation	3,210,582	-	-		(3,210,582)
Employee Benefits	16,919,732	-	-		(16,919,732)
Interest Expense	859,701	-	-		(859,701)
School Lunch Program	<u>818,427</u>	<u>451,184</u>	<u>308,581</u>		<u>(58,662)</u>
 Total Functions and Programs	 \$ <u>57,327,917</u>	 \$ <u>1,595,385</u>	 \$ <u>1,304,758</u>		 <u>(54,427,774)</u>
<b>General Revenues</b>					
Real Property Taxes					28,073,843
Other Tax Items					45,761
Use of Money and Property					320,558
Sale of Property and Compensation for Loss					490,511
State Sources					22,680,827
Federal Sources					54,425
Miscellaneous					1,348,468
Premium on Bond Anticipation Note					<u>41,800</u>
 Total General Revenues and Special Items					 <u>53,056,193</u>
 Change in Net Position					 (1,371,581)
 Total Net Position - Beginning of Year					 5,802,167
 Cumulative Change in Accounting Principle					 <u>3,236,195</u>
 Total Net Position - Beginning of Year as Restated					 <u>9,038,362</u>
 Total Net Position - End of Year				\$	 <u><u>7,666,781</u></u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	General Fund	Special Aid Fund	School Lunch Fund	Capital Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>						
Unrestricted Cash	\$ 4,447,315	\$ 2	\$ 528	\$ 2,622,992	\$ 22,001	\$ 7,092,838
Restricted Cash	1,893,127	-	-	-	-	1,893,127
State and Federal Receivable	762,937	301,607	25,891	-	-	1,090,435
Due From Other Governments	575,710	-	-	-	-	575,710
Due From Other Funds	11,319,940	130,937	40,894	656,423	410,837	12,559,031
Other Receivables, net	33,805	-	-	-	-	33,805
Inventories	-	-	18,927	-	-	18,927
<b>Total Assets</b>	<b>\$ 19,032,834</b>	<b>\$ 432,546</b>	<b>\$ 86,240</b>	<b>\$ 3,279,415</b>	<b>\$ 432,838</b>	<b>\$ 23,263,873</b>
<b>LIABILITIES</b>						
Accounts and Retainages Payable	\$ 918,197	\$ 17,033	\$ 373	\$ 397,099	\$ -	\$ 1,332,702
Accrued Liabilities	-	-	-	-	-	-
Bond Anticipation Notes	-	-	-	10,000,000	-	10,000,000
Due to Other Funds	9,399,053	415,513	618,038	1,394,267	-	11,826,871
Due to Other Governments	-	-	275	-	-	275
Due to Teachers' Retirement System	3,513,889	-	-	-	-	3,513,889
Due to Employees' Retirement System	301,094	-	-	-	-	301,094
Refundable Advances	-	-	17,185	-	-	17,185
<b>Total Liabilities</b>	<b>14,132,233</b>	<b>432,546</b>	<b>635,871</b>	<b>11,791,366</b>	<b>-</b>	<b>26,992,016</b>
<b>FUND BALANCES</b>						
Non-spendable	-	-	18,927	-	-	18,927
Restricted	1,893,127	-	-	-	432,838	2,325,965
Committed	-	-	-	-	-	-
Assigned	950,601	-	-	-	-	950,601
Unassigned	2,056,873	-	(568,558)	(8,511,951)	-	(7,023,636)
<b>Total Fund Equity</b>	<b>4,900,601</b>	<b>-</b>	<b>(549,631)</b>	<b>(8,511,951)</b>	<b>432,838</b>	<b>(3,728,143)</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 19,032,834</b>	<b>\$ 432,546</b>	<b>\$ 86,240</b>	<b>\$ 3,279,415</b>	<b>\$ 432,838</b>	<b>\$ 23,263,873</b>

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

Total governmental fund balances per above	\$ (3,728,143)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	60,957,985
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.	(55,627,292)
Compensated Absences	(1,615,561)
Retainage Payable	(205,200)
Accrued Interest	(180,706)
Net Pension Asset	14,413,357
Net Pension Liability	(804,227)
Net Deferred (inflows)/outflows related to net pension asset/liability adjustments	(5,854,226)
Long-Term Accounts Receivable not available in the current period and, therefore, is not reported in the funds	565,677
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	512,294
Bond premium is recorded as revenue in the fund financial statements, but is amortized over the life of the bond under full accrual accounting	(767,177)
<b>Net Position of Governmental Activities</b>	<b>\$ 7,666,781</b>

**AVERILL PARK CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<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>
<b>Revenues</b>						
Real Property Taxes and Tax Items	\$ 28,119,604	\$ -	\$ -	\$ -	\$ -	\$ 28,119,604
Charges for services	1,144,201	-	-	-	-	1,144,201
Use of money and property	319,715	-	3	-	840	320,558
Sale of property and compensation for loss	132,522	-	-	-	357,989	490,511
Miscellaneous	781,070	-	1,721	-	-	782,791
State sources	22,481,756	199,071	12,940	-	-	22,693,767
Federal sources	54,425	996,177	295,641	-	-	1,346,243
Sales	-	-	451,184	-	-	451,184
<b>Total Revenues</b>	<u>53,033,293</u>	<u>1,195,248</u>	<u>761,489</u>	<u>-</u>	<u>358,829</u>	<u>55,348,859</u>
<b>Expenditures</b>						
General support	4,646,678	-	-	-	-	4,646,678
Instruction	26,758,916	1,245,016	-	-	-	28,003,932
Pupil transportation	2,917,019	-	-	-	-	2,917,019
Employee benefits	15,173,219	-	149,681	-	-	15,322,900
Debt service						
Principal	2,231,714	-	-	-	-	2,231,714
Interest	703,576	-	-	-	-	703,576
Cost of sales	-	-	668,746	-	-	668,746
Bond refunding cost	-	-	-	-	-	-
Capital outlay	-	-	-	7,281,656	-	7,281,656
<b>Total Expenditures</b>	<u>52,431,122</u>	<u>1,245,016</u>	<u>818,427</u>	<u>7,281,656</u>	<u>-</u>	<u>61,776,221</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>602,171</u>	<u>(49,768)</u>	<u>(56,938)</u>	<u>(7,281,656)</u>	<u>358,829</u>	<u>(6,427,362)</u>
<b>Other Financing Sources And (Uses)</b>						
Other Financing Source	-	-	-	-	41,800	41,800
Bond Proceeds	-	-	-	647,000	-	647,000
Interfund Transfers In	-	49,768	-	-	18,771	68,539
Interfund Transfers (Out)	<u>(49,768)</u>	<u>-</u>	<u>-</u>	<u>(18,771)</u>	<u>-</u>	<u>(68,539)</u>
<b>Total Other Sources (Uses)</b>	<u>(49,768)</u>	<u>49,768</u>	<u>-</u>	<u>628,229</u>	<u>60,571</u>	<u>688,800</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)</b>	<u>552,403</u>	<u>-</u>	<u>(56,938)</u>	<u>(6,653,427)</u>	<u>419,400</u>	<u>(5,738,562)</u>
Fund Equity - Beginning of Year	<u>4,348,198</u>	<u>-</u>	<u>(492,693)</u>	<u>(1,858,524)</u>	<u>13,438</u>	<u>2,010,419</u>
<b>Fund Equity - End of Year</b>	<u>\$ 4,900,601</u>	<u>\$ -</u>	<u>\$ (549,631)</u>	<u>\$ (8,511,951)</u>	<u>\$ 432,838</u>	<u>\$ (3,728,143)</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, 2015**

Net changes in fund balance - total governmental funds	\$ (5,738,562)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position	7,697,379
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	(28,402)
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities	(3,344,549)
Long-Term receivables are not available in the current period but are recorded in the statement of activities	565,677
Proceeds from long-term debt are recorded as revenue in the governmental funds, but are recorded as liabilities in the statement of net position	(647,000)
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	2,231,714
Amortization of bond premium is an adjustment to interest expense in the statement of activities	110,848
Amortization of deferred expenses on advanced bond refunding is an adjustment to interest expense in the statement of activities	(124,951)
Accrued postemployment benefits do not require the expenditure of current resources and are, therefore are not reported as expenditures in the governmental funds	(6,251,061)
Compensated absences do not require the expenditure of current resources and are, therefore not reported as expenditures in the governmental funds	(14,161)
Retainage costs do not meet the criteria to be recorded as expenditures in the governmental funds	(205,200)
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	4,518,709
Accrued interest expense does not require the expenditure of current resources and are, therefore not reported as expenditures in the governmental funds	<u>(142,022)</u>
Change in net position - Governmental activities	<u>\$ (1,371,581)</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2015**

	<b>Agency</b>	<b>Private Purpose Trusts</b>
<b>ASSETS</b>		
Cash - unrestricted	\$ 732,160	\$ -
Cash - restricted	131,083	101,174
Total Assets	\$ 863,243	\$ 101,174
 <b>LIABILITIES</b>		
Due to other funds	\$ 732,160	\$ -
Other liabilities	-	-
Extraclassroom activity balances	131,083	-
Total Liabilities	\$ 863,243	\$ -
 <b>NET POSITION</b>		
Reserved for scholarships		\$ 101,174

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Private Purpose Trusts</b>
<b>ADDITIONS</b>	
Gifts and contributions	\$ 29,959
Investment earnings	20
Total Additions	29,979
 <b>DEDUCTIONS</b>	
Scholarships and awards	16,180
Contractual and other	13,302
Change in Net Position	497
Net Position - Beginning of year	100,677
Net Position - End of year	\$ 101,174

See accompanying notes to financial statements.

B6.

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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, 2014**

**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, 2015, the Averill Park Central School District was billed \$3,438,334 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,210,298. 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 full amount 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, 2015**

**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, 2015**

**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, 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, 2015**

**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 21. 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 counties 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	\$ 149,611
Expenses associated with supplies	9,898
Expenses associated with equipment	114,069
Expenses associated with contractual obligations	16,016
Expenses associated with athletic program restorations	99,679
From Reserved Fund Balance:	
Expenses associated with employment benefits	<u>183,733</u>
Total Supplemental Appropriations	<u>\$ 573,006</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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, 2015**

**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, 2015**

**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 balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$18,927.

**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, 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 Contributions

According to General Municipal Law §6-p, 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.

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***L. Equity Classifications***

Fund statements:

Unemployment Insurance

reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

Restricted fund balance includes the following:

General Fund:	
Employee Benefit Accrued Liability	\$ 1,615,561
Retirement Contributions	100,000
Unemployment Insurance	177,566
Debt Service Fund	<u>432,838</u>
Total restricted funds	<u>\$ 2,325,965</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, 2015.

**Assigned** - Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither constricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$305,061. Appropriated fund balance in the General Fund amounted to \$645,000.

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	\$ 66,936
Instruction	163,261
Pupil Transportation	404
Debt Service	<u>75,000</u>
	<u>\$ 305,601</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, 2015**

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

Order of Use of Fund Balance:

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

***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 #9040. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Currently 262 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 2015 by recording \$2,044,057, its share of insurance premiums, as an expenditure in fiscal year 2015.

***N. Deferred Outflows and Inflows of Resources***

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

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Deferred Outflows and Inflows of Resources***

the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the District contributions to the pension systems (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 District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

***O. 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:

	<b><u>Capitalization Threshold</u></b>	<b><u>Depreciation Method</u></b>	<b><u>Estimated Useful Life In Years</u></b>
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, 2015**

**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, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories. The amounts shown below 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, 2015**

**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, 2015, the District implemented the following new standards issued by GASB:

GASB has issued Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, effective for the year ending June 30, 2015.

GASB has issued Statement 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective for the year ending June 30, 2015.

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**V. Future Changes in Accounting Standards**

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

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

GASB has issued Statement 77, *Tax Abatement Disclosures*, 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, 2015 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.

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**I. Cash and Investments**

Restricted Cash and Investments

General

Restricted cash and investments of \$1,877,301 at June 30, 2015 consist of \$177,566 restricted for Unemployment Reserve, \$100,000 restricted for Retirement System and \$1,615,561 restricted for Employee Benefit Accrued Liability Reserve.

Debt Service

Restricted cash and investments (some of which is in due from other funds) of \$432,838 at June 30, 2015 are restricted for the repayment of debt.

Fiduciary

Restricted cash and investments of \$232,257 at June 30, 2015 consist of \$131,083 restricted for Extraclassroom Activity Funds, and \$101,174 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, 2015 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 11,319,940	\$ 9,399,053	\$ -	\$ 49,768
Special Aid Fund	130,937	415,513	49,768	-
School Lunch	40,894	618,038	-	-
Debt Service Fund	410,837	-	18,771	-
Capital Projects Funds	<u>656,423</u>	<u>1,394,267</u>	<u>-</u>	<u>18,771</u>
Total Government Activities	12,559,031	11,826,871	68,539	68,539
Fiduciary Fund	<u>-</u>	<u>732,160</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,559,031</u>	<u>\$ 12,559,031</u>	<u>\$ 68,539</u>	<u>\$ 68,539</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**III. Capital Assets**

	<b>Balance July 1, <u>2014</u></b>	<b><u>Additions</u></b>	<b><u>Impairments/ Deletions</u></b>	<b>Balance June 30, <u>2015</u></b>
Governmental Activities				
Capital assets that are not depreciated:				
Land	\$ 95,970	\$ -	\$ 5,908	\$ 90,062
Construction in process	<u>1,858,524</u>	<u>6,840,937</u>	<u>-</u>	<u>8,699,461</u>
Total nondepreciable historical Cost	<u>1,954,494</u>	<u>6,840,937</u>	<u>5,908</u>	<u>8,789,523</u>
Capital assets that are depreciated:				
Buildings and improvements	85,716,558	-	720,968	84,995,590
Furniture and equipment	<u>9,306,528</u>	<u>856,442</u>	<u>588,263</u>	<u>9,574,707</u>
Total depreciable historical cost	<u>95,023,086</u>	<u>856,442</u>	<u>1,309,231</u>	<u>94,570,297</u>
Less accumulated depreciation:				
Buildings and improvements	32,639,993	2,844,377	720,968	34,763,402
Machinery and equipment	<u>7,704,030</u>	<u>500,172</u>	<u>565,769</u>	<u>7,638,433</u>
Total accumulated Depreciation	<u>40,344,023</u>	<u>3,344,549</u>	<u>1,286,737</u>	<u>42,401,835</u>
Total Capital Assets, Net	\$ <u>56,633,557</u>	\$ <u>4,352,830</u>	\$ <u>28,402</u>	\$ <u>60,957,985</u>

Depreciation expense of \$3,344,549 for the year ended June 30, 2015 was allocated to specific functions as follows:

General	\$ 474,590
Instruction	2,576,396
Pupil transportation	<u>293,563</u>
	<u>\$ 3,344,549</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, 2015**

**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](http://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](http://www.osc.state.ny.us/retire/publications/index.php).

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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 certifies the rates expressed as proportions of member's payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for 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>
2014-15	\$ 1,311,557	\$ 3,374,239
2013-14	1,320,577	\$ 3,105,875
2012-13	1,308,118	\$ 2,374,070

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

Pension Liabilities

At June 30, 2015, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2015 for ERS and June 30, 2014 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, 2014	June 30, 2014
Net pension asset/(liability)	\$(804,227)	\$14,413,357
District's portion of the Plan's total net pension asset/(liability)	.0238061%	.129391%

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

*Pension Expense*

For the year ended June 30, 2015, the District recognized its proportionate share of pension expense of \$756,612 for ERS and \$562,014 for TRS.

*Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows 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	\$ 25,744	\$ -	\$ -	\$ 210,769
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	139,684	24,357	-	9,680,136
Changes in proportion and differences between contributions and proportionate share of contributions	115,117	-	-	-
Contributions subsequent to the measurement date	<u>301,094</u>	<u>3,430,683</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 581,639</u>	<u>\$ 3,455,040</u>	<u>\$ -</u>	<u>\$ 9,890,905</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 June 30, 2015. 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	\$ 70,136	\$ 2,441,710
2017	70,136	2,441,710
2018	70,136	2,441,710
2019	70,136	2,441,710
2020	-	21,676
Thereafter	-	78,033

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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, 2015	June 30, 2014
Actuarial valuation date	April 1, 2014	June 30, 2013
Interest Rate	7.5%	8.0%
Salary Scale	4.9%	4.01% - 10.91%*
Decrement tables	April 1, 2005 - March 31, 2010 System's Experience	July 1, 2005 - June 30, 2010 System's Experience
Inflation rate	2.7%	3.0%
Projected Cost of Living Adjustments	1.4% annually	1.6% 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, 2005 – March 31, 2011 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, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010. 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, 2015**

**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 Real rate of return*</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Asset Class:				
Domestic equities	38%	38%	7.30%	7.30%
International equities	13	13	8.55	8.55
Private Equity	10	10	11.00	11.00
Real estate	8	8	8.25	8.25
Absolute return strategies	3	3	6.75	6.75
Opportunistic portfolio	3	3	8.60	8.60
Real assets	3	3	8.65	8.65
Bonds and mortgages	18	18	4.00	4.00
Cash	2	2	2.25	2.25
Inflation-Indexed bonds	<u>2</u>	<u>2</u>	4.00	4.00
Total	<u>100%</u>	<u>100%</u>		

\* Real rates of return are net of the long-term inflation assumption of 2.7% for 2014 and 2015.

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

<u>TRS</u>	<u>Target Allocation</u>		<u>Long-term expected Real rate of return*</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Asset Class:				
Domestic equities	37%	37%	7.0%	7.3%
International equities	18	18	9.1	8.5
Real estate	10	10	4.9	5.0
Alternative investments	<u>7</u>	<u>7</u>	10.2	11.0
Total equities	72	72		
Domestic fixed income securities	18	18	2.0	1.5
Global fixed income securities	2	2	1.7	1.4
Mortgages	8	8	4.0	3.4
Short-term	<u>-</u>	<u>-</u>	1.2	0.8
Total fixed income	<u>28</u>	<u>28</u>		
Total	<u>100%</u>	<u>100%</u>		

\* Real rates of return are net of the long-term inflation assumption of 2.3% for 2013 and 2012.

*Discount rate*

The discount rate used to calculate the total pension (liability)/asset was 7.5% 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 7.5% 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 (6.5% for ERS and 7% for TRS) or 1-percentage-point higher (8.5% for ERS and 9% for TRS) than the current rate:

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

<b>ERS</b>	<b>1% Decrease (6.5%)</b>	<b>Current Assumption (7.5%)</b>	<b>1% Increase (8.5%)</b>
Employer's proportionate share of the net pension (asset)/liability	\$ 5,360,520	\$ 804,227	\$ (3,042,415)
<b>TRS</b>	<b>1% Decrease (7.0%)</b>	<b>Current Assumption (8.0%)</b>	<b>1% Increase (9.0%)</b>
Employer's proportionate share of the net pension (asset)/liability	\$ (310,916)	\$(14,413,367)	\$(26,430,596)

*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 period ended June 30, 2015 is \$1,318,626.

*Payables to the Pension Plan*

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2015 represent the projected employer contribution for the period of April 1, 2015 through June 30, 2015 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2015 amounted to \$301,094.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2015 are paid to the System in September, October and November 2015 through a state aid intercept. Accrued retirement contributions as of June 30, 2015 represent employee and employer contributions for the fiscal year ended June 30, 2015 based on paid 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, 2015 amounted to \$3,513,889.

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

*Restatement of Net Position*

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date. The implementation of the Statements resulted in the reporting of an asset, deferred outflow of resources, liability and deferred inflow of resources related to the District’s participation in the New York State Teachers’ and Employees’ retirement systems. The District’s net position has been restated as follows:

Net Position beginning of year, as previously stated	
GASB Statement No. 68 implementation	\$ 5,802,167
Beginning System asset - Teachers’ Retirement System	878,909
Beginning System liability - Employees’ Retirement System	(1,075,762)
Beginning deferred outflow of resources for contributions subsequent to the measurement date	
Teachers’ Retirement System	3,105,875
Employees’ Retirement System	<u>327,173</u>
Net position beginning of year, as restated	<u>\$ 9,038,362</u>

**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	<u>75,000</u>
Total Expense	<u>\$ 75,000</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***II. Indebtedness***

Short-Term Debt

Bond Anticipation Notes

The following is a summary of changes in short-term debt for the year ended June 30, 2015:

Balance, July 1	\$ -
Increases	10,000,000
Decreases	<u>-</u>
Balance, June 30	<u>\$ 10,000,000</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. During the current year, the District recognized \$784,701 expenditures for serial bonds long-term debt interest.

Interest on long-term debt was comprised of:

Interest paid	\$ 703,576
Less interest accrued in the prior year	(38,684)
Plus interest accrued in the current year	105,706
Less amortization of bond premium	(110,848)
Plus amortization of deferred expense	<u>124,951</u>
Total Expense	<u>\$ 784,701</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**2. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**II. Indebtedness**

Changes

The changes in indebtedness during the year ended June 30, 2015 are summarized as follows:

	<b>Balance <u>July 1,</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance <u>June 30,</u></b>
Serial Bonds	\$ 19,005,000	\$ -	\$ 1,945,000	\$ 17,060,000
Unamortized Premiums	878,025	-	110,848	767,177
Less: Unamortized Loss Refunding*	<u>(637,245)</u>	<u>-</u>	<u>(124,951)</u>	<u>(512,294)</u>
Total Bonds	19,245,780	-	1,930,897	17,314,883
Installment Obligation	659,654	647,000	286,714	1,019,940
Compensated Absences	1,601,400	197,894	183,733	1,615,561
Other Postemployment Benefits (see Note 5)	<u>31,296,291</u>	<u>8,295,118</u>	<u>2,044,057</u>	<u>37,547,352</u>
Total	<u>\$ 52,803,125</u>	<u>\$ 9,140,012</u>	<u>\$ 4,445,401</u>	<u>\$ 57,497,736</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:

<b><u>Description of Issue</u></b>	<b><u>Original Issue Date</u></b>	<b><u>Final Maturity</u></b>	<b><u>Interest Rate</u></b>	<b><u>Outstanding June 30, 2015</u></b>
<b>Serial Bonds</b>				
\$19.5 million Construction	2005	2023	3.75%-4.125%	\$ 9,060,000
\$13.1 million Excel	2010	2024	4.875%-5.00%	8,000,000
Installment Obligation \$621,568	2012	2017	1.80%	372,940
Installment Obligation \$647,000	2015	2020	2.17%	<u>647,000</u>
Total Serial Bonds				<u>\$ 18,079,940</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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>
2016	\$ 2,278,714	\$ 628,365	\$ 2,907,079
2017	2,353,714	548,882	2,902,596
2018	2,433,712	465,537	2,899,249
2019	2,369,400	397,491	2,766,891
2020	1,889,400	324,683	2,214,083
2021	1,830,000	260,275	2,090,275
2022-2024	<u>4,925,000</u>	<u>375,750</u>	<u>5,300,750</u>
Total	<u>\$ 18,079,940</u>	<u>\$ 3,000,983</u>	<u>\$ 21,080,923</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, 2015, the School District has exhausted 22.85% of its constitutional debt limit.

The voters have authorized the following debt which was unissued at June 30, 2015; \$12.9 million to finance reconstruction of various District buildings (\$10 million of which is reported as a BAN in the financial statements) and \$604,324 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, 2015**

**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 (RCGWCC), to insure workers' compensation claims. The RCGWCC, 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, 2015, there were 18 members in the Consortium. Workers' compensation benefits are provided by the Plan and administered under a contract with Triad, 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 \$500,000 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 R-C-G Health Insurance 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, 2015**

**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 # 9040. 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, 2015, \$2,044,057 was paid on behalf of 262 retirees.

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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 down graded 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, 2015**

**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>2015</u>	<u>2014</u>
<b>Annual Required Contribution</b>	\$ 8,502,301	\$ 8,100,468
Interest on OPEB Obligation	1,251,852	1,020,956
Adjustment to ARC	<u>(1,459,035)</u>	<u>(1,419,278)</u>
OPEB Expense	<u>\$ 8,295,118</u>	<u>\$ 7,702,146</u>
Net OPEB Obligation at the beginning of the year	\$ 31,296,291	\$ 25,314,306
OPEB Expense	8,295,118	7,702,146
Net OPEB Contributions made during the fiscal year	<u>(2,044,057)</u>	<u>(1,720,161)</u>
Net OPEB Obligation at the end of the year	<u>\$ 37,547,352</u>	<u>\$ 31,296,291</u>
Percentage of Expense Contributed	24.6%	23.0%

*Funded Status*

	<u>2015</u>
Actuarial Accrued Liability at end of year	\$ 84,005,292
Plan Assets at end of year	<u>-</u>
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, 2015, 2014, 2013, 2012, 2011 and 2010 is 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, 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, 2015**

**5. DEFICIT FUND BALANCE**

The School Lunch Fund had a fund deficit of \$549,631, the District is developing a plan to address the deficit.

The Capital Projects fund had a fund deficit of \$8,511,951. This amount will be reduced as financing is obtained.

**6. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through September 16, 2015, which is the date these financial statements were issued. All subsequent events requiring recognition or disclosure as of June 30, 2015, 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, 2015**

	<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>
<b>Revenues</b>						
Local Sources						
Real property taxes	\$ 28,081,086	\$ -	\$ 28,081,086	\$ 28,081,086	\$ 28,077,653	\$ (3,433)
Other tax items	50,000	-	50,000	50,000	41,951	(8,049)
Charges for services	1,081,733	-	1,081,733	1,107,460	1,144,201	36,741
Use of money and property	337,400	-	337,400	337,400	319,715	(17,685)
Sale of property and compensation for loss	1,000	-	1,000	105,774	132,522	26,748
Miscellaneous	406,000	-	406,000	662,772	781,070	118,298
<b>Total Local Sources</b>	<b>29,957,219</b>	<b>-</b>	<b>29,957,219</b>	<b>30,344,492</b>	<b>30,497,112</b>	<b>152,620</b>
State sources	22,334,966	-	22,334,966	22,336,966	22,481,756	144,790
Federal sources	100,000	-	100,000	100,000	54,425	(45,575)
<b>Other Sources</b>						
Transfers from other funds	-	-	-	-	-	-
<b>Total Revenue and Other Sources</b>	<b>52,392,185</b>	<b>-</b>	<b>52,392,185</b>	<b>52,781,458</b>	<b>\$ 53,033,293</b>	<b>\$ 251,835</b>
<b>Other Financing Sources</b>						
Appropriated reserves - Retirement System	-	-	-	183,733		
Appropriated fund balance	475,000	127,009	602,009	602,009		
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 52,867,185</b>	<b>\$ 127,009</b>	<b>\$ 52,994,194</b>	<b>\$ 53,567,200</b>		

**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, 2015**

	<u>Adopted Budget</u>	<u>Prior Year Encumbrances</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance With Actual and Encumbrances</u>
<b>Expenditures</b>							
<b>General Support</b>							
Board of education	\$ 32,375	\$ 966	\$ 33,341	\$ 33,351	\$ 26,146	\$ 1,423	\$ 5,782
Central administration	404,344	2,546	406,890	409,132	406,385	-	2,747
Finance	673,774	244	674,018	679,710	669,540	-	10,170
Staff	91,172	-	91,172	109,443	107,591	-	1,852
Central services	2,824,967	22,841	2,847,808	2,851,441	2,620,825	65,513	165,103
Special items	820,785	15,463	836,248	816,543	816,191	-	352
<b>Total General Support</b>	<u>4,847,417</u>	<u>42,060</u>	<u>4,889,477</u>	<u>4,899,620</u>	<u>4,646,678</u>	<u>66,936</u>	<u>186,006</u>
<b>Instruction</b>							
Instruction, administration and improvement	1,334,678	-	1,334,678	1,343,765	1,307,609	4,500	31,656
Teaching - regular school	14,533,827	29,899	14,563,726	15,059,007	14,747,902	99,293	211,812
Programs for children with handicapping conditions	6,178,646	16,447	6,195,093	6,452,230	6,362,440	-	89,790
Occupational education	602,281	-	602,281	602,384	602,384	-	-
Teaching - special school	51,122	-	51,122	48,420	48,420	-	-
Instructional media	1,405,961	19,358	1,425,319	1,430,675	1,363,879	35,052	31,744
Pupil services	2,208,569	18,922	2,227,491	2,412,969	2,326,282	24,416	62,271
<b>Total Instruction</b>	<u>26,315,084</u>	<u>84,626</u>	<u>26,399,710</u>	<u>27,349,450</u>	<u>26,758,916</u>	<u>163,261</u>	<u>427,273</u>
<b>Other</b>							
Pupil transportation	2,998,432	323	2,998,755	3,039,551	2,917,019	404	122,128
Community services	-	-	-	-	-	-	-
Employee benefits	15,520,979	-	15,520,979	15,218,288	15,173,219	-	45,069
Debt Service - Principal	2,833,013	-	2,833,013	2,231,714	2,231,714	-	-
Debt Service - Interest	302,260	-	302,260	778,577	703,576	75,000	1
<b>Total Other</b>	<u>21,654,684</u>	<u>323</u>	<u>21,655,007</u>	<u>21,268,130</u>	<u>21,025,528</u>	<u>75,404</u>	<u>167,198</u>
<b>Total Expenditures</b>	<u>52,817,185</u>	<u>127,009</u>	<u>52,944,194</u>	<u>53,517,200</u>	<u>52,431,122</u>	<u>305,601</u>	<u>780,477</u>
<b>Other Financing Uses</b>							
Transfers to other funds	50,000	-	50,000	50,000	49,768	-	232
<b>Total Expenditures and Other Uses</b>	<u>\$ 52,867,185</u>	<u>\$ 127,009</u>	<u>\$ 52,994,194</u>	<u>\$ 53,567,200</u>	<u>\$ 52,480,890</u>	<u>\$ 305,601</u>	<u>\$ 780,709</u>
<b>Net Change in fund balance</b>					\$ 552,403		
<b>Fund balance - beginning</b>					4,348,198		
<b>Fund balance - ending</b>					<u>\$ 4,900,601</u>		

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS FOR  
 THE RETIREE HEALTH PLAN, JUNE 30, 2015**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
07/01/12	\$ -	\$79,389,076	\$79,389,076	NA	\$25,386,651	312.75%
07/01/13	\$ -	\$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%

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
SCHEDULES OF PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY (ASSET)  
FOR THE YEAR ENDED JUNE 30, 2015**

ERS Pension Plan  
Last 10 Fiscal Years

	<b><u>2015</u></b>
Proportion of the net pension liability (asset)	0.02%
Proportionate share of the net pension liability (asset)	\$ 804,227
Covered-employee payroll	\$ 6,861,721
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	12%
Plan fiduciary net position as a percentage of the total pension liability	0.02%

TRS Pension Plan  
Last 10 Fiscal Years

	<b><u>2015</u></b>
Proportion of the net pension liability (asset)	0.13%
Proportionate share of the net pension liability (asset)	\$ (14,413,357)
Covered-employee payroll	\$ 19,511,261
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-74%
Plan fiduciary net position as a percentage of the total pension liability	0.13%

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  
FOR THE YEAR ENDED JUNE 30, 2015**

ERS Pension Plan  
Last 10 Fiscal Years

	<u><b>2015</b></u>
Contractually required contribution	\$ 1,308,693
Contributions in relation to the contractually required contribution	<u>(1,307,115)</u>
Contribution deficiency (excess)	<u><u>\$ 1,578</u></u>
Covered-employee payroll	\$ 6,861,721
Contributions as a percentage of covered-employee payroll	19.07%

TRS Pension Plan  
Last 10 Fiscal Years

	<u><b>2015</b></u>
Contractually required contribution	\$ 3,105,875
Contributions in relation to the contractually required contribution	<u>(3,430,683)</u>
Contribution deficiency (excess)	<u><u>\$ (324,808)</u></u>
Covered-employee payroll	\$ 19,511,261
Contributions as a percentage of covered-employee payroll	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, 2015**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$	52,867,185
Add: Prior year's encumbrances		127,009
Original Budget		52,994,194
Additions:		
Budget Amendments		573,006
Final Budget	\$	53,567,200

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

2015-16 [subsequent year's] voter-approved expenditure budget	\$	53,906,501
Maximum allowed (4% of 2015-16 [subsequent year's] budget)		2,156,260

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

Unrestricted Fund Balance:		
Committed Fund Balance	\$	-
Assigned Fund Balance		950,601
Unassigned Fund Balance		2,056,873
Total Unrestricted Fund Balance	\$	3,007,474
Less:		
Appropriated Fund Balance		645,000
Insurance Recovery Reserve		-
Tax Reduction Reserve		-
Encumbrances included in Committed and Assigned Fund Balance		305,601
Total Adjustments	\$	950,601
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$	2,056,873
Actual percentage		3.82%

\* 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, 2015**

Project Title	SED Project Number	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Equity (Deficiency) June 30, 2015		
				Prior Years	Current Year	Total		State Sources	Local Sources	Financed Sources	Total			
<b>Excel II Project \$12.9 million</b>														
Algonquin Middle School	0009-009	693,600	693,600	59,755	155,496	215,251	478,349	-	-	-	-	(215,251)	5.38%	537,674.42
Algonquin Middle School	0009-010	889,000	889,000	65,715	161,935	227,650	661,350	-	-	-	-	(227,650)	6.89%	689,147.29
Averill Park High School	0001-009	1,166,000	1,166,000	514,596	571,765	1,086,361	79,639	-	-	-	-	(1,086,361)	9.04%	903,675.97
Averill Park High School	0001-010	6,185,300	6,185,300	505,002	3,864,545	4,369,547	1,815,753	-	-	-	-	(4,369,547)	47.95%	4,794,806.20
George Washington Elementary School	0017-006	167,400	167,400	66,429	128,387	194,816	(27,416)	-	-	-	-	(194,816)	1.30%	129,767.44
George Washington Elementary School	0017-007	174,000	174,000	13,249	12,299	25,548	148,452	-	-	-	-	(25,548)	1.35%	134,883.72
Miller Hill Elementary School	0010-005	612,500	612,500	152,561	370,767	523,328	89,172	-	-	-	-	(523,328)	4.75%	474,806.20
Miller Hill Elementary School	0010-006	525,000	525,000	159,137	391,838	550,975	(25,975)	-	-	-	-	(550,975)	4.07%	406,976.74
Miller Hill Elementary School	0010-007	316,600	316,600	27,980	87,200	115,180	201,420	-	-	-	-	(115,180)	2.45%	245,426.36
Miller Hill Elementary School	0010-008	427,000	427,000	31,631	47,091	78,722	348,278	-	-	-	-	(78,722)	3.31%	331,007.75
Poestenkill Elementary School	0004-006	343,000	343,000	47,946	395,028	442,974	(99,974)	-	-	-	-	(442,974)	2.66%	265,891.47
Poestenkill Elementary School	0004-007	301,900	301,900	26,951	87,452	114,403	187,497	-	-	-	-	(114,403)	2.34%	234,031.01
Poestenkill Elementary School	0004-008	150,000	150,000	10,833	27,855	38,688	111,312	-	-	-	-	(38,688)	1.16%	116,279.07
Transportation Center	5016-004	413,000	413,000	131,468	132,514	263,982	149,018	-	-	-	-	(263,982)	3.20%	320,155.04
Transportation Center	5016-005	105,000	105,000	6,936	17,881	24,817	80,183	-	-	-	-	(24,817)	0.81%	81,395.35
West Sand Lake Elementary School	0006-008	349,100	349,100	9,956	82,685	92,641	256,459	-	-	-	-	(92,641)	2.71%	270,620.16
West Sand Lake Elementary School	0006-009	81,600	81,600	28,379	100,998	129,377	(47,777)	-	-	-	-	(129,377)	<u>0.63%</u>	<u>63,255.81</u>
													100.00%	10,000,000
<b>School Bus &amp; Equipment Purchase</b>		647,000	647,000	-	645,920	645,920	1,080	-	-	647,000	647,000	1,080		
<b>Transfer to Debt Service Fund</b>		-	-	-	-	-	-	-	(18,771)	-	(18,771)	(18,771)		
<b>Totals</b>		<u>\$ 13,547,000</u>	<u>\$ 13,547,000</u>	<u>\$ 1,858,524</u>	<u>\$ 7,281,656</u>	<u>\$ 9,140,180</u>	<u>\$ 4,406,820</u>	<u>\$ -</u>	<u>(18,771)</u>	<u>647,000</u>	<u>\$ 628,229</u>	<u>\$ (8,511,951)</u>		

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2015**

<b>Capital Assets, Net</b>	\$	60,957,985
<b>Add:</b>		
Deferred Bond Costs	\$ <u>512,294</u>	512,294
<b>Deduct:</b>		
Bond anticipation note	\$ 10,000,000	
Short-term portion of bonds payable	2,278,714	
Long-term portion of bonds payable	15,801,226	
Premium on bonds	<u>767,177</u>	
		<u>28,847,117</u>
<b>Net Investment in Capital Assets</b>	\$	<u><u>32,623,162</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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 16, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness 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 16, 2015

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
SINGLE AUDIT  
SUPPLEMENTARY FINANCIAL REPORT  
JUNE 30, 2015**

**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 OMB CIRCULAR A-133**

Kevin J. McCoy, CPA

Thomas W. Donovan, CPA

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Daniel J. Litz, CPA

Karl F. Newton, CPA

Kevin P. O'Leary, CPA

Timothy A. Reynolds, 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 Circular A-133 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, 2015. 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.

Heather D. Patten, CPA

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

## **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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated September 16, 2015, 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 OMB Circular A-133 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 16, 2015

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Total Federal Expenditures</u>
<b><u>U.S. Department of Education</u></b>			
Passed Through New York State Education Department:			
Title I Grants to Local Educational Agencies	84.010	0021-15-2575	\$ 169,714
Title I Grants to Local Educational Agencies	84.010	0021-14-2575	7,706
Special Education - Grants to States	84.027	0032-15-0756	705,940
Special Education Preschool Grants	84.173	0033-15-0756	39,044
Improving Teacher Quality State Grants	84.367	0147-15-2575	70,001
Improving Teacher Quality State Grants	84.367	0147-14-2575	<u>3,772</u>
Total U.S. Department of Education			<u>996,177</u>
<b><u>U.S. Department of Agriculture</u></b>			
Passed Through New York State Education Department:			
National School Lunch Program	10.555	Not Applicable	218,048
School Breakfast Program	10.553	Not Applicable	39,977
Food Distribution	10.555	Not Applicable	<u>37,616</u>
Total U.S. Department of Agriculture			<u>295,641</u>
Total Expenditures of Federal Awards			<u>\$ 1,291,818</u>

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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

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.

**2. SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133**

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.

**3. FOOD DONATION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2015, the District received food commodities totaling \$37,616.

**AVERILL PARK CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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 no

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 no

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? \_\_\_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: \$300,000

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 OMB Circular A-133 Section \_\_.510a:*

None