

**NISKAYUNA CENTRAL SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2015**

**NISKAYUNA CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2015**

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 3
<u>SECTION A - MANAGEMENT'S DISCUSSION AND ANALYSIS</u>	
MANAGEMENT'S DISCUSSION AND ANALYSIS	A1 – A9
<u>SECTION B - BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	B1
STATEMENT OF REVENUE, EXPENSE AND CHANGES IN NET POSITION	B2
FUND FINANCIAL STATEMENTS	
BALANCE SHEET - GOVERNMENTAL FUNDS	B3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS	B4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF REVENUE, EXPENSE AND CHANGES IN NET POSITION	B5
FIDUCIARY FUND FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION - FIDUCIARY FUNDS	B6
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	B6
NOTES TO FINANCIAL STATEMENTS	B7 – B41
<u>SECTION C - REQUIRED SUPPLEMENTAL INFORMATION</u>	
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES AND OTHER USES COMPARED TO BUDGET - GENERAL FUND	C1 - C2
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN	C3
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)	C4
SCHEDULE OF DISTRICT CONTRIBUTIONS	C5

**NISKAYUNA CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2015**

	PAGE
<u>SECTION D - SUPPLEMENTAL SCHEDULES</u>	
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO REVISED BUDGET - GENERAL FUND	D1
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION	D1
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND	D2
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT	D3
<u>SECTION E - COMPLIANCE REPORT</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 <i>GOVERNMENT AUDITING STANDARDS</i>	E1 - E2
<u>SINGLE AUDIT SECTION</u>	
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133	1 - 3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	4
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	5
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	6 - 7
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	8

INDEPENDENT AUDITOR'S REPORT

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

Martin D. Hull, CPA

Thomas J. Ross, CPA

Heather D. Patten, CPA

To the President and Members
of the Board of Education of the
Niskayuna 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 Niskayuna 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.

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 Niskayuna 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 4.C.I. to the financial statements, the District changed its method of accounting for pensions in 2014/2015 as required by the provisions of GASB Statement 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, schedules 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 Niskayuna 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 October 13, 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
October 13, 2015

NISKAYUNA CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2015

INTRODUCTION

The Niskayuna Central School District offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- The District was able to reduce its reliance on the amount of fund balance needed to balance the budget. Appropriated fund balance was reduced from \$4,225,268 in 2014-15 to \$1,563,500 in 2015-16. Appropriated fund balance in 2015-16 represents 2% of the budget, down from 5.5% in 2014-15.
- The District increased the amount in the tax certiorari reserve by \$835,000.
- The District increased the amount of unassigned fund balance from 2.20% of budget in 2014-15 to 3.97% of budget in 2015-16.
- The District has a contract agreement in place with all of its bargaining units for 2015-16. In 2014-15 the district settled contracts with the Niskayuna Teachers Association and the Niskayuna Educational Support Personnel Association.
- The District undertook an advanced refunding of \$42,315,000 in existing debt to take advantage of lower interest rates. This refunding resulted in projected savings to the district of more than \$2.2M over the next ten years.
- The District self-insures a total of 809 employees and retirees for medical, prescription, dental and vision coverage. The claims experience within the plan continues to trend favorably resulting in plan increases of 2-4% compared to the industry average of 10-20%.
- In an effort to comply with the governor's property tax freeze credit initiative, the District has initiated a shared services agreement with regard to transportation with two neighboring school districts. These shared services saved the group approximately \$250,000 during the 2014-15 school year. This initiative will continue into the 2015-16 school year and has increased participation by one additional district.
- The District was able to address several instructional needs in the 2015-16 budget without increasing the tax burden for residents. The District added 16.8 FTE's (full time equivalents) of instructional staff to support the English as a New Language, social work, and special education programs as well as staff to limit class size at the elementary level and increase course offerings at the secondary level.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis narrative (required supplemental information) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

1. District-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

In addition to these statements, this report also includes other supplemental information.

Our auditor has provided assurance in the independent auditor's report that the Basic Financial Statements are fairly stated. A different degree of assurance is being provided by the auditor regarding the supplemental information identified below. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part in the financial statements.

District-wide Financial 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.

	Governmental Activities		Variance Increase/ (Decrease)
	2015	2014	(Decrease)
Current Assets	\$20,119,495	\$18,271,200	\$1,848,295
Capital Assets	91,124,289	95,190,344	(4,066,055)
Pension Asset	21,293,295	0	21,293,295
Total Assets	<u>132,537,079</u>	<u>113,461,544</u>	<u>19,075,535</u>
Deferred Outflows of Resources	<u>8,458,475</u>	<u>61,820</u>	<u>8,396,655</u>
Total Assets and Deferred Outflows of Resources	<u>\$140,995,554</u>	<u>\$113,523,364</u>	<u>\$27,472,190</u>
Current Liabilities	10,384,917	16,451,626	(6,066,709)
Noncurrent Liabilities	124,048,523	111,616,519	12,432,004
Total Liabilities	<u>134,433,440</u>	<u>128,068,145</u>	<u>6,365,295</u>
Deferred Inflows of Resources	<u>14,775,675</u>	<u>0</u>	<u>14,775,675</u>
Total Liabilities and Deferred Inflows of Resources	<u>149,209,115</u>	<u>128,068,145</u>	<u>21,140,970</u>
Net Position:			
Investments in Capital Assets, Net of Related Debt	22,078,508	18,902,935	3,175,573
Restricted for Debt, Employee Benefits & Taxes	4,762,605	3,360,835	1,401,770
Unrestricted	(35,054,674)	(36,808,551)	1,753,877
Total Net Position	<u>(\$8,213,561)</u>	<u>(\$14,544,781)</u>	<u>\$6,331,220</u>

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

Niskayuna Central School District
Changes in Net Position
For the Years Ended June 30, 2015 and 2014

	Governmental Activities		Variance Increase/ (Decrease)
	<u>2015</u>	<u>2014</u>	
<u>Revenues:</u>			
Program Revenues:			
Charges for Services	\$1,421,247	\$1,220,166	\$201,081
Operating Grants	1,512,396	1,401,757	110,639
Total Program Revenues	<u>2,933,643</u>	<u>2,621,923</u>	<u>311,720</u>
General Revenues			
Real Property Taxes	54,768,646	53,662,984	1,105,662
Use of Money and Real Property	603,373	583,063	20,310
Sale of Property & Compensation for Loss	14,049	2,466	11,583
Miscellaneous	645,203	487,422	157,781
State Sources	17,593,878	19,142,907	(1,549,029)
Federal Sources	458,454	441,344	17,110
Total General Revenues	<u>74,083,603</u>	<u>74,320,186</u>	<u>(236,583)</u>
Total All Revenues	<u>\$77,017,246</u>	<u>\$76,942,109</u>	<u>\$75,137</u>
<u>Gross</u>			
General Support	\$10,709,136	\$9,448,321	\$1,260,815
Instruction	56,920,132	60,211,704	(3,291,572)
Pupil Transportation	4,183,193	4,375,721	(192,528)
Community Service	7,000	5,000	2,000
Debt Service Interest Expense	2,831,628	2,893,653	(62,025)
Capital & Other Expenditures	0	0	0
School Lunch	1,160,302	1,027,086	133,216
Total Expenses	<u>\$75,811,391</u>	<u>\$77,961,485</u>	<u>(\$2,150,094)</u>
Change in Net Position	<u>\$1,205,855</u>	<u>(\$1,019,376)</u>	<u>\$2,225,231</u>

The statement of revenue, expense and changes in net position presents information showing how the District's net position 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. certain federal/state grants earned but not yet received, unused vacation/sick leave, and proceeds from Revenue Anticipation Notes and related interest).

All of the District's services are reported in the district-wide financial statements as governmental activities, including general support, instruction, pupil transportation, community services, and school lunch. Property taxes, sales tax, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

The following tables provide the percentage breakdown of all revenues by source and all expenses by function for the entire District:

Revenue	Amount	%
Charges for Services	\$1,421,247	1.85%
Operating Grants	\$1,512,396	1.96%
Real Property Taxes	\$54,768,646	71.11%
Use of Money and Real Property	\$603,373	0.78%
Miscellaneous	\$659,252	0.86%
State/Federal Sources	\$18,052,332	23.44%
	\$77,017,246	100.00%

Expenditure	Amount	%
General Support	\$11,261,173	14.85%
Instruction	\$56,695,107	74.78%
Pupil Transportation	\$4,183,193	5.52%
Community Service	\$7,000	0.01%
Debt Service Interest Expense	\$2,504,617	3.30%
Capital & Other Expenditures	\$0	0.00%
School Lunch	\$1,160,302	1.53%
	\$75,811,391	100.00%

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds.

A fund is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants). All of the funds of the District can be divided into two categories; governmental funds and fiduciary funds.

- **Governmental funds:** All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to 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 districtwide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the districtwide financial statements because it cannot use these assets to finance its operations.

Fund Equity Analysis

The schedule below indicates the fund equity and the total change in fund equity by fund type as of June 30, 2015 and 2014.

<u>Fund</u>	<u>Fund Equity</u>		Variance
	<u>2015</u>	<u>2014</u>	Increase/ (Decrease)
General	\$8,370,961	\$9,155,332	(\$784,371)
School Lunch	101,984	43,255	58,729
Special Aid	0	0	0
Capital	25,561	0	25,561
Debt Service	1,438,521	747,138	691,383
Totals	<u>\$9,937,027</u>	<u>\$9,945,725</u>	<u>(\$8,698)</u>

General Fund

The following tables are provided to illustrate the balance sheet changes within the general fund for the past three school years.

NISKAYUNA CENTRAL SCHOOL DISTRICT
BALANCE SHEETS - GENERAL FUND
FOR THE PERIOD JULY 1, 2012 TO JUNE 30, 2015

	<u>2014-2015</u>	<u>2013-2014</u>	<u>2012-2013</u>
Assets			
Unrestricted Cash	\$ 13,520,625	\$ 12,214,788	\$ 8,026,470
Restricted Cash	3,324,084	2,613,697	3,323,679
Temporary Investments	-	-	-
Investments in Securities	-	-	-
Investments in Securities-Restricted	-	-	-
State and Federal Receivable, net	620,371	345,717	522,221
Due From Other Governments	711,134	470,371	505,162
Due From Other Funds	683,010	2,104,197	2,386,507
Accounts Receivable	296,611	405,159	307,715
Inventories	-	-	-
Prepaid Expenditures	<u>21,369</u>	<u>208,242</u>	<u>204,154</u>
 Total Assets	 <u>\$ 19,177,204</u>	 <u>\$ 18,362,171</u>	 <u>\$ 15,275,908</u>
Liabilities			
Accounts and Retainages Payable	\$ 1,858,055	\$ 1,186,229	\$ 741,538
Accrued Liabilities	2,623,596	1,960,934	1,864,872
Note Payable - Bond Anticipation Notes	-	-	-
Due to Other Funds	745,250	1,030,409	32,905
Due to Other Governments	-	-	-
Due to Teachers' Retirement System	5,273,409	4,767,360	3,582,183
Due to Employees' Retirement System	249,053	232,042	434,692
Overpayments	-	-	-
Deferred Revenues	<u>56,880</u>	<u>29,865</u>	<u>-</u>
 Total Liabilities	 <u>10,806,243</u>	 <u>9,206,839</u>	 <u>6,656,190</u>
Fund Equity (Deficiency)			
Non-spendable	21,369	208,242	204,154
Restricted	3,324,084	2,613,697	3,323,679
Committed	-	-	-
Assigned	1,923,471	4,632,875	2,887,149
Unassigned	<u>3,102,037</u>	<u>1,700,518</u>	<u>2,204,736</u>
 Total Fund Equity (Deficiency)	 <u>8,370,961</u>	 <u>9,155,332</u>	 <u>8,619,718</u>
 Total Liabilities and Fund Equity (Deficiency)	 <u>\$ 19,177,204</u>	 <u>\$ 18,362,171</u>	 <u>\$ 15,275,908</u>

The following tables are provided to illustrate the major revenue, expenditure and other financing activities of the general fund.

<u>Revenues</u>	<u>2015</u>	<u>2014</u>	<u>Variance Increase/ (Decrease)</u>
Taxes	\$54,768,646	\$53,662,984	\$1,105,662
Charges for Services	411,301	272,294	139,007
Use of Money and Property	603,361	583,043	20,318
State/Federal Sources	18,052,332	18,205,312	(152,980)
Other	651,820	461,236	190,584
Totals	<u>\$74,487,460</u>	<u>\$73,184,869</u>	<u>\$1,302,591</u>

<u>Expenses</u>	<u>2015</u>	<u>2014</u>	<u>Variance Increase/ (Decrease)</u>
General Support	\$8,164,566	\$7,521,400	\$643,166
Instruction	37,609,295	35,357,194	2,252,101
Pupil Transportation	3,855,425	3,147,387	708,038
Community Service	7,000	5,000	2,000
Employee Benefits	14,862,104	15,366,224	(504,120)
Debt Service	0	10,483,738	(10,483,738)
Totals	<u>\$64,498,390</u>	<u>\$71,880,943</u>	<u>(\$7,382,553)</u>

<u>Other Financing Sources (Uses)</u>	<u>2015</u>	<u>2014</u>	<u>Variance Increase/ (Decrease)</u>
Interfund Transfers, net	(\$11,573,441)	(\$768,312)	(\$10,805,129)
Proceeds of Long-Term Debt	800,000	0	800,000
Totals	<u>(\$10,773,441)</u>	<u>(\$768,312)</u>	<u>(\$10,005,129)</u>

The expenditures for 2014-15 show a dramatic decrease due to debt service expenditures being paid through the Debt Service Fund via an inter-fund transfer. Employee benefits expense decreased in 2014-15 due to a decrease in the employer contribution rates for the New York State Employees' Retirement System and New York State Teachers' Retirement System, and stable health insurance costs.

General Fund Budget Information

The District's budget is prepared in accordance with New York State Education law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances.

The most significant budgeted fund is the General Fund. The budget process begins in October of each school year. Meetings are held with building administrators and curriculum directors along with a series of board meetings and community forums that are open to the public from late February to early April. The process is culminated when the statewide school budget vote is held on the Third Tuesday in May of each year.

Capital Assets

The District's capital assets (net of accumulated depreciation) as of June 30, 2015 are as follows:

<u>Asset Description</u>	<u>Net Book Value</u>
Land	\$895,205
Buildings and Improvements	82,305,312
Machinery and Equipment	5,541,756
Vehicles	2,382,016
Total	<u><u>\$91,124,289</u></u>

Indebtedness

The District had outstanding debt in the form of serial and statutory bonds, workers' compensation claims (the District self-insures), and compensated absences required due to contractual obligations. The outstanding debt as of June 30, 2014 is summarized as follows:

<u>Debt Description</u>	<u>Outstanding Balance</u>
Bond Issues, Net of Deferred Amounts on Refundings	\$64,243,993
Unamortized Bond Premums	4,830,641
Judgments and Claims	3,732,359
Workers' Compensation	532,072
Compensated Absences	396,798
Other Post-Employment Benefits (OPEB)	46,138,395
Total	<u><u>\$119,874,258</u></u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the average full valuation of taxable real property. At June 30, 2015 the District's general obligation debt represented 2.53% of the 5 year average full valuation of taxable real property.

Items Impacting the District's Future

The greatest concerns facing the district over the next several years will be the tax cap, flat or declining state aid, and the loss of \$1.6M due to the State's "Gap Elimination Adjustment". The state's Gap Elimination Adjustment redistributed school funding away from schools and back to the state to balance the state budget. The ongoing concern related to the sustainability of all NYS public schools will continue as districts continue to seek alternative solutions to counter declining revenues and increasing expenditures for mandated items such as pension, contract and health insurance costs.

The District's primary revenue sources in the general fund are school taxes (70%) and State Aid (25%). The state's "Tax Cap" limits the amount of school tax revenue that can be generated. Further limiting the district's ability to raise tax revenue in the 2016-17 school year is the potential for a 0% growth factor in the tax levy calculation due to the CPI. The District's plan for utilizing fund balance will help offset the limited ability to raise tax revenue in future years. While the State's economic picture appears to be modestly improving, districts will be subjected to additional pressures to contain costs and find new revenue sources in order to continue to comply with the state's government efficiency plan in order for residents to receive a tax credit.

Contacting the District's Financial Management

It is the intent of this report to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Niskayuna Central School District
School Business Official
1239 Van Antwerp Road
Niskayuna, New York 12309

**NISKAYUNA CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015**

ASSETS

Current Assets:	
Cash and Investments	\$ 18,061,407
Accounts Receivable	297,186
State and Federal Aid Receivable	1,014,530
Due From Other Governments	711,134
Inventories	13,869
Prepaid Expenditures	21,369
Capital Assets, net	91,124,289
Net Pension Asset, Proportionate Share	21,293,295
Total Assets	<u>132,537,079</u>

DEFERRED OUTFLOWS OF RESOURCES

Amounts Deferred on Defeasance of Debt	3,400,632
Pensions	5,057,843
Total Deferred Outflows of Resources	<u>8,458,475</u>

Total Assets and Deferred Outflows of Resources \$ 140,995,554

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 1,885,893
Accrued Liabilities	2,623,596
Due to Fiduciary Funds	53,869
Due to Other Governments	60
Bond Interest Accrued	529,460
Due to Teachers' Retirement System	5,273,409
Due to Employees' Retirement System	249,053
Deferred revenue	96,588
Long-Term Liabilities - Due and Payable Within One Year:	
Bonds	8,219,750
Unamortized Bond Premiums	496,300
Long-Term Liabilities:	
Bonds	59,424,875
Unamortized Bond Premiums	4,007,330
Compensated Absences	396,798
Workers' Compensation	532,072
Judgments and Claims	3,732,359
Other Post Employment Benefits Payable	46,138,395
Net Pension Liability, Proportionate Share	773,633
Total Liabilities	<u>134,433,440</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	14,775,675
Total Deferred Inflows of Resources	<u>14,775,675</u>

Total Liabilities and Deferred Inflows of Resources 149,209,115

NET POSITION

Invested in Capital Assets, Net of Related Debt	22,078,508
Restricted Net Position	4,762,605
Unrestricted Net Position (Deficit)	<u>(35,054,674)</u>
Total Net Position	<u>(8,213,561)</u>

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 140,995,554

See accompanying notes to financial statements.

B1.

**NISKAYUNA CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSE AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

		Program Revenues		Net (Expense)
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants</u>	<u>Changes in</u>
				<u>Net Assets</u>
FUNCTIONS/PROGRAMS				
General support	\$ 10,709,136	\$ 32,640	\$ -	\$ (10,676,496)
Instruction	56,920,132	378,661	1,485,753	(55,055,718)
Pupil transportation	4,183,193	-	-	(4,183,193)
Community service	7,000	-	-	(7,000)
Employee benefits	-	-	-	-
Debt service - interest	2,831,628	-	-	(2,831,628)
School lunch program	<u>1,160,302</u>	<u>1,009,946</u>	<u>26,643</u>	<u>(123,713)</u>
Total Functions and Programs	<u>\$ 75,811,391</u>	<u>\$ 1,421,247</u>	<u>\$ 1,512,396</u>	<u>(72,877,748)</u>
GENERAL REVENUES				
Real property taxes				49,919,116
Other tax items				4,849,530
Use of money and property				603,373
Sale of property and compensation for loss				14,049
State sources				17,593,878
Federal sources				458,454
Miscellaneous				<u>645,203</u>
Total General Revenues				<u>74,083,603</u>
Change in Net Position				1,205,855
Total Net Position - Beginning of Year				(14,544,781)
Cumulative Effect of Change in Accounting Principle				<u>5,125,365</u>
Total Net Position - Beginning of Year, Restated				(9,419,416)
Total Net Position - End of Year				<u>\$ (8,213,561)</u>

See accompanying notes to financial statements.

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

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Assets						
Unrestricted Cash	\$ 13,520,625	\$ -	\$ -	\$ -	\$ -	\$ 13,520,625
Restricted Cash	3,324,084	133,946	306,759	28,853	747,140	4,540,782
State and Federal Receivable, net	620,371	391,886	2,273	-	-	1,014,530
Due from Other Governments	711,134	-	-	-	-	711,134
Due from Other Funds	683,010	-	-	-	691,381	1,374,391
Accounts Receivable	296,611	-	575	-	-	297,186
Inventories	-	-	13,869	-	-	13,869
Prepaid Expenditures	21,369	-	-	-	-	21,369
Total Assets	\$ 19,177,204	\$ 525,832	\$ 323,476	\$ 28,853	\$ 1,438,521	\$ 21,493,886
Liabilities						
Accounts and Retainages Payable	\$ 1,858,055	\$ 5,701	\$ 19,469	\$ 2,668	\$ -	\$ 1,885,893
Accrued Liabilities	2,623,596	-	-	-	-	2,623,596
Due to Other Funds	745,250	520,131	162,255	624	-	1,428,260
Due to Other Governments	-	-	60	-	-	60
Due to Teachers' Retirement System	5,273,409	-	-	-	-	5,273,409
Due to Employees' Retirement System	249,053	-	-	-	-	249,053
Deferred Revenues	56,880	-	39,708	-	-	96,588
Total Liabilities	10,806,243	525,832	221,492	3,292	-	11,556,859
Fund Equity						
Non-spendable	21,369	-	13,869	-	-	35,238
Restricted	3,324,084	-	-	-	1,438,521	4,762,605
Committed	-	-	-	-	-	-
Assigned	1,923,471	-	88,115	25,561	-	2,037,147
Unassigned	3,102,037	-	-	-	-	3,102,037
Total Fund Equity	8,370,961	-	101,984	25,561	1,438,521	9,937,027
Total Liabilities and Fund Equity	\$ 19,177,204	\$ 525,832	\$ 323,476	\$ 28,853	\$ 1,438,521	\$ 21,493,886

Amounts reported for governmental activities in the statement of net assets are different due to the following:

Governmental fund equity per above	\$ 9,937,027
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	91,124,289
Government funds report the effect of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	3,400,632
Accrued interest expense is reported under the accrual basis	(529,460)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(122,947,879)
Net pension asset	21,293,295
Net pension (liability)	(773,633)
Deferred outflows of resources - Pensions	5,057,843
Deferred inflows of resources - Pensions	(14,775,675)
Net Position of Governmental Activities	\$ (8,213,561)

**NISKAYUNA 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</u>	<u>School Lunch</u>	<u>Capital</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues						
Real Property Taxes and Tax Items	\$ 54,768,646	\$ -	\$ -	\$ -	\$ -	\$ 54,768,646
Nonproperty Taxes	-	-	-	-	-	-
Charges for Services	411,301	-	-	-	-	411,301
Use of Money and Property	603,361	-	10	-	2	603,373
Forfeitures	-	-	-	-	-	-
Sale of Property and Compensation for Loss	14,049	-	-	-	-	14,049
Miscellaneous	637,771	-	7,432	-	-	645,203
State Sources	17,593,878	494,925	1,542	-	-	18,090,345
Federal Sources	458,454	990,828	25,101	-	-	1,474,383
Sales	-	-	1,009,946	-	-	1,009,946
Total Revenues	<u>74,487,460</u>	<u>1,485,753</u>	<u>1,044,031</u>	<u>-</u>	<u>2</u>	<u>77,017,246</u>
Expenditures						
General Support	8,164,566	15,229	469,480	-	-	8,649,275
Instruction	37,609,295	1,428,234	-	-	-	39,037,529
Pupil Transportation	3,855,425	74,417	-	-	-	3,929,842
Community Services	7,000	-	-	-	-	7,000
Employee Benefits	14,862,104	99,085	203,132	-	-	15,164,321
Debt Service	-	-	-	-	10,390,848	10,390,848
Cost of Sales	-	-	487,690	-	-	487,690
Capital Outlay	-	-	-	159,439	-	159,439
Total Expenditures	<u>64,498,390</u>	<u>1,616,965</u>	<u>1,160,302</u>	<u>159,439</u>	<u>10,390,848</u>	<u>77,825,944</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,989,070</u>	<u>(131,212)</u>	<u>(116,271)</u>	<u>(159,439)</u>	<u>(10,390,846)</u>	<u>(808,698)</u>
Other Financing Sources And (Uses)						
Interfund Transfers, net	(11,573,441)	131,212	175,000	185,000	11,082,229	-
Proceeds of Long-Term Debt	800,000	-	-	-	-	800,000
Proceeds from Advanced Refunding	-	-	-	-	45,906,166	45,906,166
Payment to Escrow Agent	-	-	-	-	(45,906,166)	(45,906,166)
BANs Redeemed From Appropriations	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(10,773,441)</u>	<u>131,212</u>	<u>175,000</u>	<u>185,000</u>	<u>11,082,229</u>	<u>800,000</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(784,371)</u>	<u>-</u>	<u>58,729</u>	<u>25,561</u>	<u>691,383</u>	<u>(8,698)</u>
Fund Equity, Beginning of Year	<u>9,155,332</u>	<u>-</u>	<u>43,255</u>	<u>-</u>	<u>747,138</u>	<u>9,945,725</u>
Fund Equity, End of Year	<u>\$ 8,370,961</u>	<u>\$ -</u>	<u>\$ 101,984</u>	<u>\$ 25,561</u>	<u>\$ 1,438,521</u>	<u>\$ 9,937,027</u>

See accompanying notes to financial statements.

B4.

**NISKAYUNA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND EQUITY OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF REVENUE, EXPENSE AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

Net changes in fund balance - total governmental funds	\$	(8,698)
<p>Capital outlays for the purchase of capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their useful lives as depreciation expense in the statement of activities.</p>		
	Depreciation expense \$	(5,387,097)
	Capital outlays	<u>1,321,042</u>
		(4,066,055)
<p>Interest is recognized as an expense in the governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The decrease in accrued interest during 2014/15 results in less expense.</p>		
		(225,530)
<p>Proceeds of serial bond principal is revenue in governmental funds, but proceeds increase long-term liabilities in the statement of net assets.</p>		
		(800,000)
<p>Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		7,784,750
<p>Amortization of issuance costs and loss on refunding bonds.</p>		
		(252,354)
<p>Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
	District pension contributions	5,508,218
	Cost of benefits earned net of employee contributions	<u>171,231</u>
		5,679,449
<p>Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		<u>(6,905,707)</u>
Change in net position - governmental activities	\$	<u><u>1,205,855</u></u>

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

	Agency	Private Purpose Trusts
ASSETS		
Cash - unrestricted	\$ 239,119	\$ -
Cash - restricted	6,302	117,170
Due from other funds	62,979	-
Investments - restricted	69,204	-
Total Assets	\$ 377,604	\$ 117,170
LIABILITIES		
Extracurricular activity balances	75,506	-
Due to other funds	-	9,110
Other liabilities	302,098	-
Total Liabilities	\$ 377,604	9,110
NET ASSETS		
Reserved for scholarships		\$ 108,060

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

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	\$ -
Investment earnings	254
Total Additions	254
DEDUCTIONS	
Scholarships and awards	6,641
Contractual and other	-
Change in Net Assets	(6,387)
Net Assets - Beginning of year	114,447
Net Assets - End of year	\$ 108,060

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Niskayuna Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 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 description of certain entities included in the District's reporting entity within its Fiduciary funds:

The Extraclassroom Activity Fund

The extraclassroom activity fund of the District represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity fund can be found at the School District's business office, located at 1239 Van Antwerp Road, Niskayuna, New York 12309. The District accounts for assets held as an agent for various student organizations in an agency fund.

B. Joint Venture

The Niskayuna Central School District is one of twenty-four component school districts in the Capital District 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Joint Venture

BOCES are organized under Section 1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1050 of the New York State Education Law. 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.

A BOCES' budget is comprised of separate budgets for administrative, program, 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 the New York State Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

There is no authority or process by which a school district can terminate its status as a BOCES component.

During the year ended June 30, 2015, the Niskayuna Central School District was billed \$4,532,599 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,442,830. Financial statements for the BOCES are available from the BOCES administrative office.

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 non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

**NISKAYUNA 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:

1. General Fund

The general fund is the principal operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

a. Special Aid Fund

Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State grants.

b. School Lunch Fund

The School Lunch Fund is used to account for transactions of breakfast and lunch programs.

3. 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.

4. Debt Service Fund

The debt service fund is used to account for and report the accumulation of resources to be used for the redemption of principal and interest of long-term debt.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

Fund Financial Statements

Other Fund Type:

Fiduciary Funds

These funds are 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:

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 how these funds will be awarded.

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

D. Basis of Accounting/Measurement Focus

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 and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange 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 when levied. The District selected the one year time frame to match the time frame the related liabilities will be liquidated.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Refundable Advances

Refundable advances 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.

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 12, 2014. Taxes were collected during the period September 1 through October 31, 2014.

II. Enforcement

Uncollected real property taxes are enforced by the Counties of Schenectady, Albany and Saratoga, in which the School District is located. An amount representing uncollected real property taxes transmitted to the Counties for enforcement is paid by the Counties to the School District no later than the forthcoming April 1.

G. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

1. The budget policies are as follows:
 - a. The School 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 program line item level.
 - d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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 reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. Budgetary Procedures and Budgetary Accounting

III. Budget Basis of Accounting

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

Under GASB No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for its special revenue funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

H. Cash and Investments

The District investment policies are governed by New York State statutes. District monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. 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.

I. Accounts Receivable

Accounts receivable are shown net, with uncollectible amounts recognized under the allowance method. An allowance for uncollectible accounts of \$300,000 has been provided in the special aid fund to represent a portion of the summer handicapped program receivables that may be uncollectible.

J. Inventories and Prepaid Items

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowing. 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 4.A.II for a detailed disclosure by individual fund for interfund receivables, payables, expenditure and revenue activity.

L. Short Term Debt

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 are converted to long-term financing within five years after the original issue date.

M. Equity Classifications

District-wide statements:

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

Invested in capital assets, net of related debt - consists of net capital assets reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Fund statements:

In the fund 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 prepaid expenses in the General Fund of \$21,369 and Inventory recorded in the School Lunch Fund of \$13,869 for a total of \$35,238.

Restricted fund balance – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The District has established the following restricted fund balances: Debt Service, Employee Benefit Accrued Liability, Insurance, Retirement Contributions, Tax Certiorari, Unemployment Insurance, Workers' Compensation and Encumbrances.

Employee Benefit Accrued Liability

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

Insurance

According to General Municipal Law §6-n, this reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

Retirement Contributions

According to General Municipal Law §6-r, this reserve 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.

Tax Certiorari

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

Unemployment Insurance

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

Workers' Compensation

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

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.

Restricted fund balance includes the following:

General Fund:	
Employee Benefit Accrued Liability	\$ 396,798
Insurance	250,000
Retirement Contributions	300,000
Tax Certiorari	1,936,206
Unemployment Insurance	157,757
Workers' Compensation	283,323
Debt Service Fund	<u>1,438,521</u>
Total Restricted Funds	<u>\$ 4,762,605</u>

Committed – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school district's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2015.

Assigned – includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance. Encumbrances reported in General Fund amounted to \$359,971.

Assigned fund balance is comprised of:

General Fund:	
Board of Education	\$ 6,202
Central Administration	39
Finance	19,941
Central Services	53,451
Instruction, Administration & Improvement	36,967
Teaching - Regular School	39,297
Programs for Students with Disabilities	8,637
Teaching - Special Schools	1,060
Instructional Media	71,967
Pupil Services	465
Pupil Transportation	121,945
Appropriated Fund Balance	1,563,500
Capital Fund	25,561
School Lunch Fund	88,116
Special Aid Fund	-
Total Assigned Funds	<u>\$ 2,037,148</u>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M. Equity Classifications

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. In the other governmental funds, however, if a government spends more on a specific purpose than the resources available for that purpose in the fund, then it may need to report a negative amount as unassigned fund balance. If a government cannot cover the deficit with amounts assigned to other purposes in that fund, then the remaining deficit should be reported on the unassigned fund balance line.

Unassigned fund balance is comprised of:

General Fund	\$	3,102,037
Total Unassigned Funds	\$	<u>3,102,037</u>

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

Order of Use of Fund Balance:

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance.

In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned.

N. Postemployment Benefits

The District provides retirement benefits for substantially all its regular full-time teachers and its part-time teachers who elect to participate, through contributions to the New York State Teachers' Retirement System (TRS). The System provides various plans and options, some of which require employee contributions.

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. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. The District recognized the cost of providing health insurance benefits for fiscal year 2015 by recording approximately \$6,139,813, its share of insurance premiums/assessments as expenditures in fiscal year 2015. The cost of providing this benefit for 339 retirees and 18 surviving spouses was approximately \$2,052,639.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O. Payables, Accrued Liabilities and Long-Term Obligations

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

P. Capital Assets

Capital assets are reported at actual cost or estimated historical costs based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life In Years
Buildings	\$ 1,000	SL	15-50
Land improvements	1,000	SL	20
Machinery and equipment	1,000	SL	5-25

Q. Deferred Outflows and Inflows of Resources

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Q. Deferred Outflows and Inflows of Resources

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

R. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported 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 encumbrances, compensated absences, potential contingent liabilities, other postemployment benefits, net pension asset/liability and useful lives of long-term assets.

S. Restricted Resources

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

T. Vested Employee 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, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U. Accounting Changes

During the fiscal year ended June 30, 2015 the District adopted:

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

V. Future Changes in Accounting Standards

The District is still evaluating the effect these accounting standards will have on the District's future financial statements and will implement them as applicable and when material.

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

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

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

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

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

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

Total Fund Equity of Governmental Funds vs. Net Position of Governmental Activities

Total fund equity of the District's governmental funds differed 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.

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

Differences between the governmental funds statement of revenues, expenditures, and changes in fund equity and the statement of activities fall into one of three board categories:

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered "available", whereas the statement of activities reports revenue 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 depreciation expense on those items as recorded in the statement of activities.

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

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

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

Pension differences

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

3. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. Deficit Fund Balances

There were no deficit fund balances to be reported for the year ended June 30, 2015.

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

1. Cash

The District's aggregate bank balances at June 30, 2015 were \$18,954,833. All deposits were fully insured and collateralized.

2. 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 institutions 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.

Fund	Fair Value	Type of Investment	Category
Private Purpose Trust Fund	\$ -	Marketable Securities	(2)
Trust and Agency	34,716	Municipal Savings	(1)
Trust and Agency	34,488	Certificate of Deposit	(1)

Realized gains on investments for the year ended June 30, 2015 were \$1,035.

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

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

3. Restricted Cash and Investments

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at year-end consists of the following:

Fund	Amount	Restriction
General Fund	\$ 283,323	Workers' Compensation Reserve
	157,757	Unemployment Insurance Reserve
	396,798	Reserve for Employee Benefit Accrued Liability
	300,000	ERS Reserve
	250,000	Insurance Reserve
	<u>1,936,206</u>	Tax Certiorari Reserve
Total General Fund	<u>\$3,324,084</u>	
Trust and Agency	\$ 6,302	Extraclassroom Activity Funds
Private Purpose Trust Fund	<u>117,170</u>	Scholarships and Memorials
Total Fiduciary	<u>\$ 123,472</u>	

II. Interfund Transactions

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 transactions and balances at June 30, 2015 are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 683,010	\$ 745,250	\$ -	\$ 11,573,441
Special Aid Fund	-	520,131	131,212	-
School Lunch Fund	-	162,255	175,000	-
Debt Service Fund	691,381	-	11,082,229	-
Capital Projects Fund	-	624	185,000	-
Total Governmental Activities	<u>1,374,391</u>	<u>1,428,260</u>	<u>11,573,441</u>	<u>11,573,441</u>
Fiduciary Fund	62,979	9,110	-	-
Totals	<u>\$ 1,437,370</u>	<u>\$ 1,437,370</u>	<u>\$ 11,573,441</u>	<u>\$ 11,573,441</u>

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

4. DETAIL NOTES ON ALL FUNDS

A. Assets

II. Interfund Transactions

The General Fund transferred \$131,212 to the Special Aid Fund to finance the District's local share of expenditures relating to the Summer Handicapped Program. The General Fund transferred \$175,000 to the School Lunch Fund to supplement the School Lunch Program. The General Fund transferred \$691,381 to the Debt Service Fund for future debt service payments and \$10,390,848 for June 30, 2015 debt service payments. The General Fund transferred \$185,000 for an emergency gym floor replacement.

III. Capital Assets

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

	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>
Governmental Activities				
Capital assets that are not depreciated:				
Land	\$895,205	-	-	\$895,205
Total Non-depreciable Capital Assets	<u>895,205</u>	<u>-</u>	<u>-</u>	<u>895,205</u>
Capital assets that are depreciated:				
Buildings and improvements	120,614,767	159,438	-	120,774,205
Vehicles	7,296,546	798,840	348,823	7,746,563
Machinery and equipment	10,151,502	362,764	3,670	10,510,596
Total Depreciable Capital Assets	<u>138,062,815</u>	<u>1,321,042</u>	<u>352,493</u>	<u>139,031,364</u>
Less accumulated depreciation:				
Buildings and improvements	34,439,006	4,029,887	-	38,468,893
Vehicles	4,997,460	715,910	348,823	5,364,547
Machinery and equipment	4,331,210	641,300	3,670	4,968,840
Total Accumulated Depreciation	<u>43,767,676</u>	<u>5,387,097</u>	<u>352,493</u>	<u>48,802,280</u>
Total Capital Assets, Net	<u>\$95,190,344</u>	<u>\$(4,066,055)</u>	<u>\$ -</u>	<u>\$91,124,289</u>

Depreciation expense charged to governmental functions as follows:

General Support	\$ 107,217
Instruction	4,544,813
Pupil Transportation	735,067
Total	<u>\$ 5,387,097</u>

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

4. DETAIL NOTES ON ALL FUNDS

B. Deferred Outflows of Resources

Deferred outflows of resources consist of bond discounts, bond insurance premiums, amounts deferred from the defeasance of prior debt issues and pension plan differences resulting from differences in expected vs. actual experience, changes in assumptions and proportion and net differences between projected and actual earnings. Original issue discounts and deferred losses on refundings of long-term indebtedness are amortized over the life of the respective bond using the straight-line method. Amounts deferred on defeasance of bonds being amortized and pension plan differences are illustrated below.

	6/30/2015
8/7/2012 Bond - Amount Deferred on Defeasance	\$ 41,214
10/22/2014 Bond - Amount Deferred on Defeasance	3,359,418
ERS - Pension Plan Differences	441,727
TRS - Pension Plan Differences	4,616,116
Total Deferred Outflows	\$8,458,475

C. 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 systems are cost sharing multiple employer, public employee retirement systems. The systems offer a wide range of plans and benefits which are related to vesting of retirement benefits, years of service and final average salary.

Plan Descriptions

Teachers' Retirement System (TRS)

The NYS TRS is administered by the New York State Teachers' Retirement Board. The system provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. 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 may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

I. Pension Plans

Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits to plan members and beneficiaries. 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 may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policies

The Systems are noncontributory except for employees who joined the Systems between July 27, 1976 and January 1, 2010, contribute 3% of their salary for a period of ten years. Employees who joined after January 1, 2010, and are members in NYSERS contribute 3% of their salary throughout their active membership and those in NYSTRS contribute 3.5% throughout their active membership. Employees who joined after April 1, 2012, and are members in NYSERS contribute between 3% and 6% of their salary throughout their active membership and those in NYSTRS contribute between 3% and 6% throughout their active membership. For the New York State and Local Employees' Retirement System, the Comptroller shall certify annually the rates expressed as proportions of members' payroll, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, rates are established annually for TRS by the New York State Teachers' Retirement Board.

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	\$ 936,572	\$5,087,442
2013-14	1,034,500	4,597,652
2012-13	1,738,768	3,582,183

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

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

I. Pension Plans

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 asset/(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.

	ERS	TRS
Actuarial valuation date	4/1/2014	6/30/2014
Net pension asset/(liability)	\$ (773,633)	\$21,293,295
District's portion of the Plan's total net pension asset/(liability)	0.0229005%	0.191153%

Pension Expense

For the year ended June 30, 2015, the District recognized its proportionate share of pension (revenue) expense of \$700,146 for ERS and \$(834,405) 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 related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experiences	\$ 24,765	\$ -	\$ -	\$ 311,375
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	134,370	-	-	14,300,762
Changes in proportion and differences between contributions and proportionate share of contributions	-	27,712	163,538	-
Contributions subsequent to the measurement date	<u>282,592</u>	<u>4,588,404</u>	<u>-</u>	<u>-</u>
Total	<u>\$441,727</u>	<u>\$4,616,116</u>	<u>\$163,538</u>	<u>\$14,612,137</u>

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

I. Pension Plans

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) 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>Year ended:</u>	<u>ERS</u>	<u>TRS</u>
2016	\$ 351	\$ 3,608,175
2017	351	3,608,175
2018	351	3,608,175
2019	351	32,984
2020	-	-
Thereafter	-	118,743

Actuarial Assumptions

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

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

I. Pension Plans

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.

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.

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

4. DETAIL NOTES ON ALL FUNDS

C. 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	<u>72</u>	<u>72</u>		
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	-	-	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 asset/(liability) 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 asset/(liability).

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

The following presents the District's proportionate share of the net pension asset/(liability) 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-percentagepoint higher (8.5% for ERS and 9% for TRS) than the current rate:

	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
ERS	-6.50%	-7.50%	-8.50%
Employer's proportionate share of the net pension (asset)/liability	\$ 5,156,501	\$ 773,633	\$ (2,926,678)
	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
TRS	-7.00%	-8.00%	-9.00%
Employer's proportionate share of the net pension (asset)/liability	\$ (459,326)	\$ (21,293,295)	\$ (39,046,731)

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

I. Pension Plans

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 expense includes certain current period changes in the collective net pension asset/(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 was \$(172,231).

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 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 \$249,053.

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 \$5,273,409.

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

4. DETAIL NOTES ON ALL FUNDS

C. 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	(14,544,781)
GASB Statement No. 68 implementation	
Beginning System asset - Teachers' Retirement System	1,289,208
Beginning System liability - Employees' Retirement System	(1,034,839)
Beginning deferred outflow of resources for contributions subsequent to the measurement date	
Teachers' Retirement System	4,588,404
Employees' Retirement System	<u>282,592</u>
Net position beginning of year, as restated	<u><u>(9,419,416)</u></u>

II. Indebtedness

1. 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. 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. No bond anticipation notes were issued or redeemed during the year ended June 30, 2015.

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

II. Indebtedness

2. Long-Term Debt

a. Serial Bonds

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

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

Interest paid	\$ 2,606,098
Less interest accrued in the prior year	(303,930)
Plus current year accrued interest	<u>529,460</u>
Total Expense	<u><u>\$ 2,831,628</u></u>

b. Prior Year Defeasance

On August 7, 2012, the District defeased serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all 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. At June 30, 2015 \$2.31 million of bonds outstanding are considered defeased.

c. Bond Refunding

On October 22, 2014, the District issued \$40,735,000 in bonds with an average interest rate of 2.93% to advance refund \$42,315,000 of outstanding 2008 and 2009 bonds with an average interest rate of 3.53% and 3.27%, respectively. The net proceeds of \$45,906,166 (after receipt of reoffering premium of \$5,270,152 and payment of \$98,986 for underwriting fees, insurance and other insurance costs) were used to purchase U.S. Government and State and Local Government Series securities that were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result the 2008 and 2009 bonds are considered partially defeased. The District still reports a liability for the 2008 bonds in the amount of \$6,565,000 for payment due in fiscal years ending 2016 and 2017 as these bonds were not callable at the time of refunding. The District also reports a liability for the 2009 bonds in the amount of \$8,010,000 for payment due in fiscal years ending 2016, 2017 and 2018 as these bonds were not callable at the time of refunding. The 2008 and 2009 bonds that are considered defeased and the liability for those bonds has been removed from the financial statements. This advance refunding was undertaken to reduce total debt service payments over the next nine years by \$2,183,013 and resulted in an economic gain of \$2,201,294.

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

II. Indebtedness

2. Long-Term Debt

d. Other Long-Term Debt

In addition to the above long-term debt, the District had the following noncurrent liabilities:

Compensated Absences - Represent the value of the earned and unused portion of the liability for employees' vacation and sick pay which has not been accrued in the General Fund.

Workers' Compensation - Represents the estimate of the District's share of unpaid workers' compensation claims and administrative costs due.

Judgments and Claims - The non-current portion of the estimated liability for various legal actions taken against the District.

Other Postemployment Benefits – Represents the net liability for other postemployment benefits calculated in accordance with GASB 45 (See Note 7).

3. Changes

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

Fund/Type	Balance	New Issues/	Maturities/	Balance
<u>General Long-Term Debt:</u>	<u>7/1/2014</u>	<u>Additions</u>	<u>Payments</u>	<u>6/30/2015</u>
Bonds Payable	\$ 76,209,375	\$41,535,000	\$ 50,099,750	\$ 67,644,625
Less: Deferred Amounts on Refunding	(61,820)	(3,591,166)	(252,354)	(3,400,632)
	<u>76,147,555</u>	<u>37,943,834</u>	<u>49,847,396</u>	<u>64,243,993</u>
Unamortized Bond Premium	139,854	5,270,152	579,365	4,830,641
Judgments and Claims	2,114,329	1,933,005	314,975	3,732,359
Workers' Compensation	1,138,690	-	606,618	532,072
Compensated Absences	521,818	-	125,020	396,798
Other Postemployment Benefits	39,314,674	8,876,360	2,052,639	46,138,395
Total General Long-Term Debt	<u>\$ 119,376,920</u>	<u>\$54,023,351</u>	<u>\$53,526,013</u>	<u>\$ 119,874,258</u>

Additions and deletions to compensated absences and workers' compensation are shown net since it is impractical to determine these amounts separately.

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

II. Indebtedness

4. Maturity

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>6/30/2015</u>
Serial Bonds:				
Renovations	2008	2023	3.125 - 4.000%	\$ 6,565,000
Renovations	2009	2024	2.50 - 4.00%	8,010,000
Renovations	2010	2024	2.50 - 4.00%	5,445,000
Finance School Buses	2011	2015	2.59%	237,500
Finance School Buses	2012	2015	1.10%	187,375
Finance School Buses	2012	2016	1.29%	299,750
Renovations – Advanced Refunding	2012	2017	2.00 – 3.00%	2,525,000
Acquisition of Bus Garage	2013	2028	2.50 - 3.75%	2,845,000
Renovations – Advanced Refunding	2014	2024	2.00 - 4.50%	40,730,000
Finance School Buses	2015	2020	0.65 - 1.81%	800,000
				\$ 67,644,625

The following is a summary of maturing debt service requirements for bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 8,219,750	\$ 2,362,942	\$ 10,582,692
2017	8,044,875	2,123,544	10,168,419
2018	7,585,000	1,879,694	9,464,694
2019	7,285,000	1,659,064	8,944,064
2020	7,480,000	1,422,649	8,902,649
2021-2025	28,275,000	2,741,156	31,016,156
2026-2028	755,000	54,713	809,713
Total	\$ 67,644,625	\$ 12,243,761	\$ 79,888,386

5. 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 do not exceed 10% of the average full valuation of taxable real estate within such District. At June 30, 2015 the District has exhausted 25.33% of its constitutional debt limit.

III. Self-Insurance

Workers' Compensation Insurance

The District is self-insured for workers' compensation benefits on a cost-reimbursement basis. Under the program, the District is responsible for claim payments.

All known claims filed and an estimate of all incurred but unreported claims existing at June 30, 2015 have been recorded as other liabilities.

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

III. Self-Insurance

Health and Dental Insurance

The District is self-insured for health insurance benefits, on a cost-reimbursement basis. Under the program, the District is responsible for claim payments. Empire HealthChoice Assurance, Inc. is the third party claims administrator for the District's health plan. The cost of medical care is paid out of employee and employer contributions and is held in a separate bank account. The District pays the medical claims and related administrative fees on a monthly basis by funding the separate bank account. The total cash in the account amounted to \$600,668 at June 30, 2015. The District estimates the liability for unpaid health insurance claims to be \$950,208 for the year ended June 30, 2015.

The District self-funds the health insurance plan, but has purchased both aggregate and specific stop loss coverage from HM Life Insurance Company of New York. The aggregate insurance provides full coverage for aggregate claims in excess of 125% of expected claims. The specific stop loss insurance assumes the risk for claims on any individual in excess of \$225,000 paid during a calendar year.

The District is self-insured for dental insurance benefits on a cost-reimbursement basis. Under the program, the District is responsible for claim payments. Delta Dental of New York is the third party claims administrator for the District's dental plan. The cost of dental care is paid out of employee and employer contributions. The District pays the dental claims and related administrative fees on a monthly basis by wiring funds to Delta Dental. The District estimates the liability for unpaid dental insurance claims to be \$66,954 for the year ended June 30, 2015. The District has not purchased stop loss insurance on the self-funded dental plan. The District's maximum liability is limited to the annual dental allowance per covered individual, which is \$1,500 per covered individual for the year ended June 30, 2015.

All known claims filed and an estimate of all incurred but unreported claims existing at June 30, 2015 pertaining to both health and dental insurance have been recorded as other liabilities.

The District establishes health and dental claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to the liability in the periods in which they are made.

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

III. Self-Insurance

Health and Dental Insurance

As discussed above, the District establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the District during the past two years:

	<u>2015</u>	<u>2014</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 1,212,890	\$ 1,344,223
Incurred claims and claim adjustment expenses:		
Provision for incurred claims expenditures for events of the current year	5,877,131	6,040,359
Increase (decrease) in provision for incurred events of prior years	<u>-</u>	<u>-</u>
Total incurred claims and claim adjustment expenses	7,090,021	7,384,582
Payments made for claims during the current year	<u>(6,139,813)</u>	<u>(6,171,692)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 950,208</u>	<u>\$ 1,212,890</u>

Workers' Compensation Insurance

The District establishes workers' compensation claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to the liability in the periods in which they are made.

As discussed above, the District establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the District during the past two years:

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

III. Self-Insurance

Workers' Compensation Insurance

	<u>2015</u>	<u>2014</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 1,138,690	\$ 574,722
Incurred claims and claim adjustment expenses:		
Provision for incurred claims expenditures for events of the current year	151,908	402,831
Increase (decrease) in provision for incurred events of prior years	<u>(621,559)</u>	<u>372,566</u>
Total incurred claims and claim adjustment expenses	669,039	1,350,119
Payments made for claims during the current year	<u>(136,967)</u>	<u>(211,429)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 532,072</u>	<u>\$ 1,138,690</u>

D. Deferred Inflows of Resources

Deferred inflows of resources on the statement of net position arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. The District records dererred inflows from pension plan differences resulting from differences in expected vs. actual experience, changes in assumptions and propotion and net differences between projected and actual earnings.

	<u>6/30/2015</u>
ERS - Pension Plan Differences	\$ 163,538
TRS - Pension Plan Differences	<u>14,612,137</u>
Total Deferred Inflows	<u>\$14,775,675</u>

5. COMMITMENTS AND CONTINGENCIES

A. Litigation

The District has been named as defendant in various actions. A review of these actions by District Management indicates that they are either fully covered by insurance or not substantial enough to materially affect the financial position of the District.

B. Federal and State Grants

The District receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies or expenditures disallowed under the terms of the grant.

C. Risk Financing and Related Insurance

The Niskayuna 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 three years.

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

6. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Plan Description

The District administers the postretirement benefits as a single-employer defined benefit plan (the Plan), through which retirees and their spouses receive benefits. The Plan provides for continuation of medical and/or dental/vision benefits for certain retirees and their survivors and can be amended by action of the District subject to applicable collective bargaining and employment agreements. 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, employer 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 retired and their applicable agreement. Employees are eligible for the retiree health benefits upon meeting the following requirements: 1) retire from the District, 2) enrolled in District provided health care at time of retirement and 3) working .5 FTE for members of the Niskayuna Teachers' Association or 30 hours a week for other staff members having at least 5 years of service under the New York State Teachers' or Employees' Retirement Systems and at least 5 years of service with the District. The District currently funds the plan to satisfy current obligations on a pay-as-you-go basis. The cost of providing this benefit for 339 retirees and 18 surviving spouses was approximately \$2,052,639.

The contribution requirements of Plan members and the District are established by the Board of Education. Until changes are made in the NYS law to permit funding, there is no legal authority to fund OPEB, other than "pay as you go".

Actuarial Methods and Assumptions

The District obtained an actuarial valuation dated July 1, 2014 which indicated that the total liability for other postemployment benefits totaled \$95,839,013. 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.

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

6. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Actuarial Methods and Assumptions

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.

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 30-year period.

The following assumptions were used in the calculation: a) a 5.00% discount rate baseline compounded annually, b) dental annual trend of 5%, c) initial medical cost trend of 4.7% that is downgraded over a 30 year period to an ultimate rate of 5%, d) mortality tables from RP 2000 Combined, sex distinct, with full generational projection using Scale AA, e) assumed that no employee will retire before the age of 70 without attaining at least 5 years of service, f) active employee and spousal coverage – it is assumed the female spouse is 3 years younger and 80% will be covered, dependent coverage is considered immaterial, g) coverage elections – it is assumed 85% of covered employees will elect coverage upon retirement, 60% of eligible married employees will elect spousal coverage and 100% of surviving spouses will continue coverage for 10 years after the retiree's death, h) a payroll growth assumption of 4% and i) termination, retirement and disability assumptions based on a blend of assumptions for all employees under ERS and female employees under TRS.

Annual OPRB Cost and Net OPRB Obligation

The District's annual other postretirement benefit (OPRB) 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.

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

6. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Annual OPRB Cost and Net OPRB Obligation

The following table summarizes the Annual OPRB Cost:

	<u>2015</u>	<u>2014</u>
Normal Cost	\$ 3,408,731	\$ 3,272,555
Amortization of Unfunded Actuarial Liability	<u>5,937,586</u>	<u>4,983,955</u>
ARC	9,346,317	8,256,510
Interest on Prior Net OPRB Obligation	1,965,734	1,346,248
Adjustment to ARC	<u>(2,435,691)</u>	<u>(1,871,482)</u>
OPRB Expense	<u><u>\$ 8,876,360</u></u>	<u><u>\$ 7,731,276</u></u>
Net OPRB Obligation at the beginning of the year	39,314,674	33,656,201
OPRB Expense	8,876,360	7,731,276
Net OPRB Contributions made during the fiscal year	<u>(2,052,639)</u>	<u>(2,072,803)</u>
Net OPRB Obligation at the end of the year	<u><u>\$ 46,138,395</u></u>	<u><u>\$ 39,314,674</u></u>
Percentage of Expense Contributed	23.12%	26.81%
 <i>Funded Status</i>		
Accrued Liability at end of year	\$95,839,013	\$89,630,033
Plan Assets at end of year	-	-
Unfunded Accrued Liability	\$95,839,013	\$89,630,033
Percentage of Funded Accrued Liability	0%	0%

The Net OPRB Obligation at the end of the year is reflected as an operating expense in the accompanying financial statements. Prior years' comparative data is available and prior year trend information is presented below:

<u>Net OPRB Obligation:</u>	<u>Balance June 30,</u>
2015	\$46,138,395
2014	\$39,314,674
2013	\$33,656,201

7. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October XX, 2015, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2015, have been incorporated into these statements herein.

NISKAYUNA CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES AND OTHER USES COMPARED TO BUDGET - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Revised Budget	Current Year's Revenues	Over (Under) Revised Budget
Revenues				
Local Sources				
Real Property Taxes	\$ 54,219,475	\$ 54,219,475	\$ 54,296,196	\$ 76,721
Real Property Tax Items	472,016	472,016	472,450	434
Nonproperty Taxes	-	-	-	-
Charges for Services	144,000	144,000	411,301	267,301
Use of Money and Property	404,400	404,400	603,361	198,961
Forfeitures	-	-	-	-
Sale of Property and Compensation for Loss	1,500	1,500	14,049	12,549
Miscellaneous	277,500	277,500	637,771	360,271
State Sources	17,305,588	17,305,588	17,593,878	288,290
Federal Sources	263,509	263,509	458,454	194,945
Other Sources				
Interfund Transfers	-	-	-	-
Proceeds from Advance Refunding	-	-	-	-
Proceeds of Long-Term Debt	-	-	800,000	800,000
	73,087,988	73,087,988	75,287,460	\$ 2,199,472
Total Revenue and Other Sources				
Appropriated Reserve for Tax Certiorari	-	101,603	-	
Appropriated Fund Balance	4,632,875	4,817,875	-	
Total Revenues, Other Sources and Appropriated Fund Balance	\$ 77,720,863	\$ 78,007,466	\$ -	

NISKAYUNA CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES AND OTHER USES COMPARED TO BUDGET - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balances</u>
Expenditures					
General Support					
Board of Education	\$ 30,657	\$ 60,356	\$ 33,304	\$ 6,202	\$ 20,850
Central Administration	502,956	517,248	503,105	39	14,104
Finance	606,708	624,383	576,776	19,941	27,666
Staff	475,897	381,127	358,465	-	22,662
Central Services	6,024,786	6,131,969	5,641,518	53,451	437,000
Special Items	813,400	1,082,908	1,051,398	-	31,510
Instruction					
Instruction, Administration & Improvement	2,444,226	2,295,334	2,207,185	36,967	51,182
Teaching - Regular School	22,018,359	21,983,196	21,524,748	39,297	419,151
Programs for Students with Disabilities	7,344,235	8,403,086	8,252,216	8,637	142,233
Occupational Education	435,000	427,801	427,801	-	-
Teaching - Special Schools	147,862	120,421	75,881	1,061	43,479
Instructional Media	2,277,094	2,488,569	2,309,109	71,967	107,493
Pupil Services	2,648,181	2,904,674	2,812,355	465	91,854
Pupil Transportation	3,171,564	4,141,762	3,855,425	121,945	164,392
Community Services	3,000	7,000	7,000	-	-
Employee Benefits	18,192,938	14,864,191	14,862,104	-	2,087
Debt Service					
Debt Service Principal	7,780,000	-	-	-	-
Debt Service Interest	2,694,000	-	-	-	-
Total Expenditures	77,610,863	66,434,025	64,498,390	359,972	1,575,663
Other Uses					
Interfund Transfer	110,000	11,573,441	11,573,441	-	-
Payment to Escrow Agent	-	-	-	-	-
Total Expenditures and Other Uses	\$ 77,720,863	\$ 78,007,466	76,071,831	\$ 359,972	\$ 1,575,663
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses			\$ (784,371)		

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	0	95,839,013	95,839,013	0%	31,167,203	307.5%
7/1/2013	0	89,630,033	89,630,033	0%	31,326,369	286.1%
7/1/2012	0	84,801,570	84,801,570	0%	33,055,577	256.5%

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

ERS Pension Plan
Last 10 Fiscal Years

	<u>2015</u>
Proportion of the net pension liability (asset)	0.02%
Proportionate share of the net pension liability (asset)	\$ 773,633
Covered-employee payroll	\$ 6,126,997
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	13%
Plan fiduciary net position as a percentage of the total pension liability	0.02%

TRS Pension Plan
Last 10 Fiscal Years

	<u>2015</u>
Proportion of the net pension liability (asset)	0.19%
Proportionate share of the net pension liability (asset)	\$(21,293,295)
Covered-employee payroll	\$ 27,976,129
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-76.11%
Plan fiduciary net position as a percentage of the total pension liability	0.19%

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.

**NISKAYUNA CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015**

ERS Pension Plan
Last 10 Fiscal Years

	<u>2015</u>
Contractually required contribution	\$ 919,814
Contributions in relation to the contractually required contribution	<u>(936,572)</u>
Contribution deficiency (excess)	<u>\$ (16,758)</u>
Covered-employee payroll	6,861,721
Contributions as a percentage of covered-employee payroll	13.41%

TRS Pension Plan
Last 10 Fiscal Years

	<u>2015</u>
Contractually required contribution	\$4,588,404
Contributions in relation to the contractually required contribution	<u>(5,087,442)</u>
Contribution deficiency (excess)	<u>\$ (499,038)</u>
Covered-employee payroll	19,511,261
Contributions as a percentage of covered-employee payroll	23.52%

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.

**NISKAYUNA CENTRAL SCHOOL DISTRICT
 SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO REVISED BUDGET -
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015**

Adopted Budget	\$	77,313,256
Add: Prior year's encumbrances		407,607
Original Budget		77,720,863
Budget revisions		286,603
Final Budget	\$	78,007,466

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2015-16 [subsequent year's] voter-approved expenditure budget	\$ 78,085,153
Maximum allowed (4% of 2015-16 [subsequent year's] budget)	3,123,406

Unrestricted Fund Balance:		
Committed Fund Balance	\$	-
Assigned Fund Balance		1,923,471
Unassigned Fund Balance		3,102,037
Total Unrestricted Fund Balance	\$	5,025,508

Less:		
Appropriated Fund Balance	\$	1,563,500
Insurance Recovery Reserve		-
Tax Reduction Reserve		-
Encumbrances in Committed and Assigned Fund Balance		359,971
Total Adjustments	\$	1,923,471

General Fund Fund-Balance Subject to Section 1318 of Real Property Tax Law	\$ 3,102,037
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Actual Percentage	3.97%
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**NISKAYUNA CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2015**

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2015
			Prior Years	Current Year	Total		Proceeds of Installment Purchase Debt	Serial Installment Bonds	Local Sources	Total	
Niskayuna High School Renovation Phase 1 SED Project # 6023	\$ 31,290,628	\$ 28,998,295	\$ 28,998,295	\$ -	\$ 28,998,295	\$ -	\$ -	\$ 28,998,295	\$ -	\$ 28,998,295	\$ -
Niskayuna High School Renovation Phase 2 SED Project # 6021	21,981,870	23,252,560	23,252,560	-	23,252,560	-	-	23,240,818	11,742	23,252,560	-
Birchwood Elementary School Renovation SED Project # 1007	5,379,093	5,377,350	5,377,350	-	5,377,350	-	-	5,377,350	-	5,377,350	-
Craig Elementary School Renovation SED Project # 2013	6,414,749	6,041,474	6,166,474	(125,000)	6,041,474	-	-	5,990,710	50,764	6,041,474	-
Glenciff Elementary School Renovation SED Project # 3010	5,967,802	5,469,400	5,649,400	(180,000)	5,469,400	-	-	5,422,317	47,083	5,469,400	-
Rosendale Elementary School Renovation SED Project # 4011	5,382,710	5,707,702	5,707,702	-	5,707,702	-	-	5,382,710	324,992	5,707,702	-
Hillside Elementary School Renovation SED Project # 7011	5,706,010	5,694,704	5,694,704	-	5,694,704	-	-	5,682,579	12,125	5,694,704	-
Iroquios Middle School Renovation SED Project # 8013	4,335,639	3,729,477	3,729,477	-	3,729,477	-	-	3,729,477	-	3,729,477	-
Van Antwerp Middle School Renovation SED Project # 1011	8,041,501	5,739,892	5,434,892	305,000	5,739,892	-	-	5,739,892	-	5,739,892	-
District-wide Temperature Control System Project SED Project # 9002	-	2,862,367	2,862,367	-	2,862,367	-	-	2,862,367	-	2,862,367	-
District-wide Technology Upgrades Project SED Project # 9003	-	2,236,706	2,236,706	-	2,236,706	-	-	2,073,487	163,219	2,236,706	-
Total Projects - 1/24/2006 Referendum	94,500,002	95,109,927	95,109,927	-	95,109,927	-	-	94,500,002	609,925	95,109,927	-
Birchwood Elementary School EXCEL SED Project # 1008	-	493,720	493,720	-	493,720	-	-	493,720	-	493,720	-
Craig Elementary School EXCEL SED Project # 2014	-	474,371	474,371	-	474,371	-	-	474,371	-	474,371	-
Glenciff Elementary School EXCEL SED Project # 3011	-	451,299	451,299	-	451,299	-	-	451,299	-	451,299	-
Rosendale Elementary School EXCEL SED Project # 4012	-	462,474	462,474	-	462,474	-	-	462,474	-	462,474	-
Hillside Elementary School EXCEL SED Project # 7012	-	464,132	464,132	-	464,132	-	-	464,132	-	464,132	-
Iroquios Middle School EXCEL SED Project # 8014	-	469,940	469,940	-	469,940	-	-	469,940	-	469,940	-
Van Antwerp Middle School EXCEL SED Project # 1012	-	670,527	670,527	-	670,527	-	-	670,527	-	670,527	-
Niskayuna High School EXCEL SED Project # 6024	4,706,276	1,112,532	1,112,532	-	1,112,532	-	-	1,112,532	-	1,112,532	-
Total Projects - 2/27/2007 EXCEL Referendum	4,706,276	4,598,995	4,598,995	-	4,598,995	-	-	4,598,995	-	4,598,995	-
Niskayuna High School Gym Roof SED Project # 6022	300,000	294,918	294,918	-	294,918	-	-	-	294,918	294,918	-
Soil Remediation Project SED Project # 6025	454,850	1,102,576	1,102,576	-	1,102,576	-	-	-	1,102,576	1,102,576	-
Glenciff Sewer Project SED Project # 3012	849,415	855,750	855,750	-	855,750	-	-	-	855,750	855,750	-
Glenciff Roof Project SED Project # 3014	45,000	45,000	45,000	-	45,000	-	-	-	45,000	45,000	-
VAMS Gym Floor Project SED Project # 3014	185,000	185,000	-	159,439	159,439	25,561	-	-	185,000	185,000	25,561
Bus Facility Building Purchase SED Project # N/A	3,200,000	3,200,000	3,200,000	-	3,200,000	-	-	3,200,000	-	3,200,000	-
Other Non-Major Projects	9,740,541	10,282,239	10,097,239	159,439	10,256,678	25,561	-	7,798,995	2,483,244	10,282,239	25,561
Totals	\$ 104,240,543	\$ 105,392,166	\$ 105,207,166	\$ 159,439	\$ 105,366,605	\$ 25,561	\$ -	\$ 102,298,997	\$ 3,093,169	\$ 105,392,166	\$ 25,561

**NISKAYUNA CENTRAL SCHOOL DISTRICT
 INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
 JUNE 30, 2015**

Capital Assets, Net	\$	91,124,289
Add:		
Deferred financing costs	\$ 3,400,632	
Capital projects fund - cash and investments	<u>28,853</u>	
		3,429,485
Deduct:		
Unamortized bond premiums	(4,830,641)	
Short-term portion of bonds payable	(8,219,750)	
Long-term portion of bonds payable	<u>(59,424,875)</u>	
		<u>(72,475,266)</u>
Investment in Capital Assets, Net of Related Debt	\$	<u><u>22,078,508</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
Martin D. Hull, CPA
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Heather D. Patten, CPA

To the President and Members of the Board of Education
Niskayuna Central School District

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Niskayuna 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 October 13, 2015.

Internal Control Over Financial Reporting

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

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

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

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
October 13, 2015

**NISKAYUNA CENTRAL SCHOOL DISTRICT
NISKAYUNA, NEW YORK
SINGLE AUDIT
SUPPLEMENTARY FINANCIAL REPORT
JUNE 30, 2015**

**NISKAYUNA CENTRAL SCHOOL DISTRICT
NISKAYUNA, NEW YORK
SINGLE AUDIT**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133	1-3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	4
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	5
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	6-7
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	8

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL
CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
OMB CIRCULAR A-133**

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To the President and Members
of the Board of Education of
Niskayuna Central School District

Report on Compliance for Each Major Federal Program

We have audited the Niskayuna 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.

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 Niskayuna Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Niskayuna 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 Niskayuna 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 Niskayuna 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 October 13, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions 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 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.

Latham, NY
October 13, 2015

**NISKAYUNA CENTRAL SCHOOL DISTRICT
NISKAYUNA, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Federal Expendi- tures
<u>U.S. Department of Agriculture</u>			
Passed Through New York State Education Department: School Breakfast Program	10.553	Not Applicable	\$ <u>25,101</u>
Total U.S. Department of Agriculture			<u>25,101</u>
<u>U.S. Department of Education</u>			
Passed Through New York State Education Department: Title I - Grants to Local Educational Agencies	84.010	0021-15-2740	129,625
Special Education - Grants to States	84.027	0032-15-0830	774,208
Special Education - Preschool Grants	84.173	0033-15-0830	20,622
Title II, Part A - Teacher and Principal Training and Recruitment	84.367	0147-15-2740	<u>66,374</u>
Total U.S. Department of Education			<u>990,829</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u><u>1,015,930</u></u>

**NISKAYUNA CENTRAL SCHOOL DISTRICT
NISKAYUNA, NEW YORK
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 Niskayuna Central School District (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 Niskayuna Central School District is an independent municipal corporation. All Federal grant awards of the District are included in the scope of the single audit.

**NISKAYUNA CENTRAL SCHOOL DISTRICT
NISKAYUNA, NEW YORK
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:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? ___yes x no

**NISKAYUNA CENTRAL SCHOOL DISTRICT
NISKAYUNA, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

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

**NISKAYUNA CENTRAL SCHOOL DISTRICT
NISKAYUNA, NEW YORK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

Finding 2014-001 Finance Manager Access

Current Status

The access of the Assistant Superintendent of Business and Accounting Supervisor as system administrators was removed during the year and someone outside of the accounting department was given system administrator rights.

Finding 2014-002 Lack of Segregation of Duties Relating to Cash Receipts

Current Status

The District did implement procedures and change staffing to address this finding which is, therefore, not required to be repeated.

Finding 2014-003 Certification of Salaries Charged to the Special Education Program Cluster

Current Status

The certification process was completed as required during 2014/15.