

**NISKAYUNA CENTRAL SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2016**

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JUNE 30, 2016**

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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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Niskayuna Central School District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1- A9, budgetary comparison information on pages C1 and C2, schedule of funding progress for the retiree health plan on page C3, schedules of proportionate share of net pension liability (asset) on page C4 and schedules of District contributions on page C5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Marvin and Company, P.C.

Latham, NY
October 17, 2016

NISKAYUNA CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2016

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, 2016.

FINANCIAL HIGHLIGHTS

- The District's reliance on fund balance to balance the budget continues to represent less than 2% of budget in 2016-17.
- The voters of the Niskayuna Central School District approved a \$20 million Capital Reserve Fund at the annual meeting held in May. The District was able to fund this reserve with \$788,000.
- The District maintained unassigned fund balance at 3.97% of budget for 2016-17.
- The District has a contract agreement in place with all of its bargaining units for 2016-17.
- The District undertook an advanced refunding of \$3,245,000 in existing debt to take advantage of lower interest rates. This refunding resulted in projected savings to the district of approximately \$165,000 over the next eight years.
- The shared transportation initiative that the District began in an effort to comply with the governor's property tax freeze credit initiative increased participation by one school district. The savings for participating districts increased from approximately \$250,000 during the 2014-15 school year to \$485,000 in 2015-16. The District's savings represents approximately 35% or \$172,000 of the total savings.

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.

**Niskayuna Central School District
Net Position
June 30, 2016 and 2015**

	Governmental Activities		Variance Increase/ (Decrease)
	2016	2015	
Current Assets	\$17,653,048	\$20,119,495	(\$2,466,447)
Capital Assets	86,603,297	91,124,289	(4,520,992)
Pension Asset	20,083,066	21,293,295	(1,210,229)
Total Assets	<u>124,339,411</u>	<u>132,537,079</u>	<u>(8,197,668)</u>
Deferred Outflows of Resources	<u>10,861,963</u>	<u>8,458,475</u>	<u>2,403,488</u>
Total Assets and Deferred Outflows of Resources	<u>\$135,201,374</u>	<u>\$140,995,554</u>	<u>(\$5,794,180)</u>
Current Liabilities	7,576,484	10,384,917	(2,808,433)
Noncurrent Liabilities	126,421,672	124,048,523	2,373,149
Total Liabilities	<u>133,998,156</u>	<u>134,433,440</u>	<u>(435,284)</u>
Deferred Inflows of Resources	<u>7,530,524</u>	<u>14,775,675</u>	<u>(7,245,151)</u>
Total Liabilities and Deferred Inflows of Resources	<u>141,528,680</u>	<u>149,209,115</u>	<u>(7,680,435)</u>
Net Position:			
Investments in Capital Assets, Net of Related Debt Restricted for Debt, Employee Benefits & Taxes	26,315,129	22,078,508	4,236,621
Unrestricted	(37,881,852)	(35,054,674)	(2,827,178)
Total Net Position	<u>(\$6,327,306)</u>	<u>(\$8,213,561)</u>	<u>\$1,886,255</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 position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

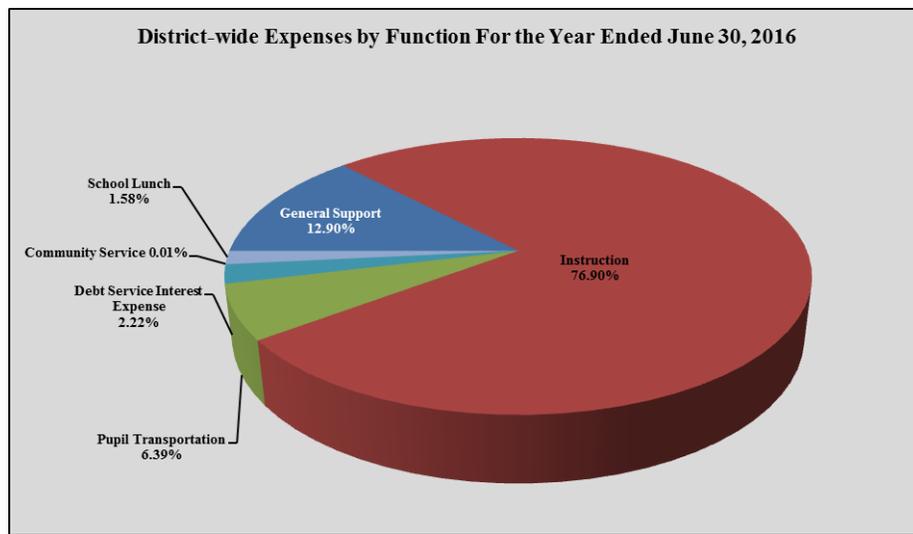
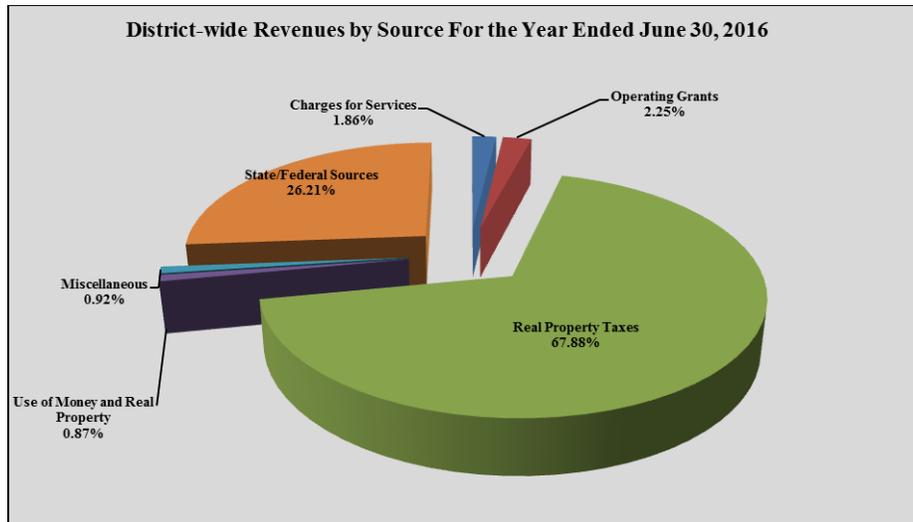
**Niskayuna Central School District
Changes in Net Position
For the Years Ended June 30, 2016 and 2015**

	Governmental Activities		Variance Increase/ (Decrease)
	<u>2016</u>	<u>2015</u>	
<u>Revenues:</u>			
Program Revenues:			
Charges for Services	\$1,501,996	\$1,421,247	\$80,749
Operating Grants	1,807,893	1,512,396	295,497
Total Program Revenues	<u>3,309,889</u>	<u>2,933,643</u>	<u>376,246</u>
General Revenues			
Real Property Taxes	54,688,225	54,768,646	(80,421)
Use of Money and Real Property	702,314	603,373	98,941
Sale of Property & Compensation for Loss	120,192	14,049	106,143
Miscellaneous	616,978	645,203	(28,225)
State Sources	20,702,855	17,593,878	3,108,977
Federal Sources	416,494	458,454	(41,960)
Total General Revenues	<u>77,247,058</u>	<u>74,083,603</u>	<u>3,163,455</u>
Total All Revenues	<u>\$80,556,947</u>	<u>\$77,017,246</u>	<u>\$3,539,701</u>
<u>Gross</u>			
General Support	\$10,151,381	\$10,709,137	(\$557,756)
Instruction	60,500,101	56,920,132	3,579,969
Pupil Transportation	5,023,225	4,183,193	840,032
Community Service	0	7,000	(7,000)
Debt Service Interest Expense	1,749,247	2,831,627	(1,082,380)
Capital & Other Expenditures	0	0	0
School Lunch	1,246,738	1,160,302	86,436
Total Expenses	<u>\$78,670,692</u>	<u>\$75,811,391</u>	<u>\$2,859,301</u>
Change in Net Position	<u>\$1,886,255</u>	<u>\$1,205,855</u>	<u>\$680,400</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 graphs provide the percentage breakdown of all revenues by source and all expenses by function for the entire District:



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 district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the 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, 2016 and 2015.

Fund	Fund Equity		Variance
	2016	2015	Increase/ (Decrease)
General	\$9,298,238	\$8,370,961	\$927,277
School Lunch	(39,147)	101,984	(141,131)
Special Aid	0	0	0
Capital	82,062	25,561	56,501
Debt Service	1,155,831	1,438,521	(282,690)
Totals	<u>\$10,496,984</u>	<u>\$9,937,027</u>	<u>\$559,957</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, 2013 TO JUNE 30, 2016**

Assets	2015-2016	2014-2015	2013-2014
Cash	\$ 13,297,047	\$ 16,844,709	\$ 14,828,485
Other Assets	<u>3,959,063</u>	<u>2,332,495</u>	<u>3,533,686</u>
Total Assets	<u>\$ 17,256,110</u>	<u>\$ 19,177,204</u>	<u>\$ 18,362,171</u>
Liabilities			
Accounts Payable and Accrued Liabilities	\$ 2,501,298	\$ 4,481,651	\$ 3,147,163
Due to Teachers' Retirement System	4,270,748	5,273,409	4,767,360
Due to Employees' Retirement System	235,150	249,053	232,042
Other Liabilities	<u>950,676</u>	<u>802,130</u>	<u>1,060,274</u>
Total Liabilities	<u>7,957,872</u>	<u>10,806,243</u>	<u>9,206,839</u>
Fund Equity (Deficiency)			
Non-spendable	24,168	21,369	208,242
Restricted	4,083,586	3,324,084	2,613,697
Committed	-	-	-
Assigned	1,996,936	1,923,471	4,632,875
Unassigned	<u>3,193,548</u>	<u>3,102,037</u>	<u>1,700,518</u>
Total Fund Equity (Deficiency)	<u>9,298,238</u>	<u>8,370,961</u>	<u>9,155,332</u>
Total Liabilities and Fund Equity (Deficiency)	<u>\$ 17,256,110</u>	<u>\$ 19,177,204</u>	<u>\$ 18,362,171</u>

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

<u>Revenues</u>	<u>2016</u>	<u>2015</u>	<u>Variance Increase/ (Decrease)</u>
Taxes	\$54,688,225	\$54,768,646	(\$80,421)
Charges for Services	434,818	411,301	23,517
Use of Money and Property	766,004	603,361	162,643
State/Federal Sources	21,119,349	18,052,332	3,067,017
Other	611,514	651,820	(40,306)
Totals	<u>\$77,619,910</u>	<u>\$74,487,460</u>	<u>\$3,132,450</u>

<u>Expenses</u>	<u>2016</u>	<u>2015</u>	<u>Variance Increase/ (Decrease)</u>
General Support	\$7,115,252	\$8,164,566	(\$1,049,314)
Instruction	39,078,888	37,609,295	1,469,593
Pupil Transportation	3,536,594	3,855,425	(318,831)
Community Service	0	7,000	(7,000)
Employee Benefits	16,446,971	14,862,104	1,584,867
Debt Service	0	0	0
Totals	<u>\$66,177,705</u>	<u>\$64,498,390</u>	<u>\$1,679,315</u>

<u>Other Financing Sources (Uses)</u>	<u>2016</u>	<u>2015</u>	<u>Variance Increase/ (Decrease)</u>
Interfund Transfers, net	(\$10,514,928)	(\$11,573,441)	\$1,058,513
Proceeds of Long Term Debt	0	800,000	(800,000)
Proceeds from Advanced Refunding	0	0	0
Payment to Escrow Agent	0	0	0
BANs Redeemed From Appropriations	0	0	0
Totals	<u>(\$10,514,928)</u>	<u>(\$10,773,441)</u>	<u>\$258,513</u>

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, 2016 are as follows:

<u>Asset Description</u>	<u>Net Book Value</u>
Land	\$895,205
Buildings and Improvements	78,429,123
Machinery and Equipment	1,882,493
Vehicles	5,396,476
Total	<u>\$86,603,297</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, 2016 is summarized as follows:

<u>Debt Description</u>	<u>Outstanding Balance</u>
Bond Issues, Net of Deferred Amounts on Refundings	\$56,042,379
Unamortized Bond Premiums	4,327,851
Judgments and Claims	5,560,757
Workers' Compensation	318,726
Compensated Absences	367,507
Other Post-Employment Benefits (OPEB)	52,796,199
Total	<u>\$119,413,419</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, 2016 the District's general obligation debt represented 2.24% 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 and flat or declining state aid. 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 (68%) and State Aid (27%). The Gap Elimination Adjustment, which redistributed school funding away from schools and back to the state to balance the state budget, ended with the 2016-17 school year. Going forward, the district's increase in state aid will be reliant on Foundation Aid. The district received no increase in Foundation Aid for the 2016-17 school year and there is uncertainty around how Foundation Aid will be distributed going forward. 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 2016-17 school year is the potential for a 1.0% growth factor in the tax levy calculation due to the CPI. 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, 2016**

ASSETS

Current Assets:	
Cash and Investments	\$ 14,490,542
Accounts Receivable	742,066
State and Federal Aid Receivable	1,682,829
Due From Other Governments	689,740
Inventories	16,600
Prepaid Expenditures	31,271
Capital Assets, net	86,603,297
Net Pension Asset, Proportionate Share	20,083,066
Total Assets	<u>124,339,411</u>

DEFERRED OUTFLOWS OF RESOURCES

Amounts Deferred on Defeasance of Debt	3,387,496
Pensions	7,474,467
Total Deferred Outflows of Resources	<u>10,861,963</u>

Total Assets and Deferred Outflows of Resources \$ 135,201,374

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 1,229,979
Accrued Liabilities	1,313,680
Due to Fiduciary Funds	29,034
Due to Other Governments	53
Bond Interest Accrued	420,420
Due to Teachers' Retirement System	4,270,748
Due to Employees' Retirement System	235,150
Refundable Advances	77,420
Long-Term Liabilities - Due and Payable Within One Year	
Bonds	8,089,875
Unamortized Bond Premiums	886,804
Long-Term Liabilities	
Bonds	51,340,000
Unamortized Bond Premiums	3,441,047
Compensated Absences	367,507
Workers' Compensation	318,726
Judgments and Claims	5,560,757
Other Post Employment Benefits Payable	52,796,199
Net Pension Liability, Proportionate Share	3,620,757
Total Liabilities	<u>133,998,156</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	7,530,524
Total Deferred Inflows of Resources	<u>7,530,524</u>

Total Liabilities and Deferred Inflows of Resources 141,528,680

NET POSITION

Invested in Capital Assets, Net of Related Debt	26,315,129
Restricted Net Position	5,239,417
Unrestricted Net Position (Deficit)	<u>(37,881,852)</u>
Total Net Position	<u>(6,327,306)</u>

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 135,201,374

**NISKAYUNA CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

		Program Revenues		
	Expenses	Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General Support	\$ 10,151,381	\$ 37,121	\$ -	\$ (10,114,260)
Instruction	60,500,101	397,697	1,774,929	(58,327,475)
Pupil transportation	5,023,225	-	-	(5,023,225)
Community Service	-	-	-	-
Employee benefits	-	-	-	-
Debt service - interest	1,749,247	-	-	(1,749,247)
Depreciation - unallocated (excludes direct expense of various functions and programs)	-	-	-	-
Other expenditures	-	-	-	-
Capital Outlay	-	-	-	-
School lunch program	1,246,738	1,067,178	32,964	(146,596)
Total Functions and Programs	\$ 78,670,692	\$ 1,501,996	\$ 1,807,893	(75,360,803)
GENERAL REVENUES				
Real property taxes				49,673,415
Other tax items				5,014,810
Use of money and property				702,314
Sale of property and compensation for loss				120,192
State sources				20,702,855
Federal sources				416,494
Miscellaneous				616,978
Total General Revenues				77,247,058
Change in Net Position				1,886,255
Total Net Position - Beginning of Year				(8,213,561)
Total Net Position - End of Year				\$ (6,327,306)

See accompanying notes to financial statements.

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

Assets	General	Special Aid	School Lunch	Capital	Debt Service	Total Governmental Funds
Unrestricted Cash	\$ 9,213,461	\$ 172,202	\$ 295,709	\$ 82,062	\$ -	\$ 9,763,434
Restricted Cash	4,083,586	-	-	-	643,522	4,727,108
State and Federal Receivable, net	1,136,423	536,908	9,498	-	-	1,682,829
Due From Other Governments	689,740	-	-	-	-	689,740
Due From Other Funds	1,366,913	364,202	851	-	512,309	2,244,275
Accounts Receivable	741,819	-	247	-	-	742,066
Inventories	-	-	16,600	-	-	16,600
Prepaid Expenditures	24,168	7,103	-	-	-	31,271
Total Assets	\$ 17,256,110	\$ 1,080,415	\$ 322,905	\$ 82,062	\$ 1,155,831	\$ 19,897,323
Liabilities						
Accounts Payable	\$ 1,187,618	\$ 28,202	\$ 14,159	\$ -	\$ -	\$ 1,229,979
Accrued Liabilities	1,313,680	-	-	-	-	1,313,680
Due to Other Funds	906,396	1,052,213	314,700	-	-	2,273,309
Due to Other Governments	-	-	53	-	-	53
Due to Teachers' Retirement System	4,270,748	-	-	-	-	4,270,748
Due to Employees' Retirement System	235,150	-	-	-	-	235,150
Refundable Advances	44,280	-	33,140	-	-	77,420
Total Liabilities	7,957,872	1,080,415	362,052	-	-	9,400,339
Fund Equity						
Non-spendable	24,168	7,103	16,600	-	-	47,871
Restricted	4,083,586	-	-	-	1,155,831	5,239,417
Committed	-	-	-	-	-	-
Assigned	1,996,936	-	-	82,062	-	2,078,998
Unassigned	3,193,548	(7,103)	(55,747)	-	-	3,130,698
Total Fund Equity	9,298,238	-	(39,147)	82,062	1,155,831	10,496,984
Total Liabilities and Fund Equity	\$ 17,256,110	\$ 1,080,415	\$ 322,905	\$ 82,062	\$ 1,155,831	

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

Total governmental fund equity per above	\$ 10,496,984
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	86,603,297
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	3,387,496
Accrued interest expense is reported under the accrual basis.	(420,420)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(122,800,915)
Net pension asset/liability	16,462,309
Deferred outflows of resources - Pensions	7,474,467
Deferred inflows of resources - Pensions	(7,530,524)
Net Position of Governmental Activities	\$ (6,327,306)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

Revenues	General	Special Aid	School Lunch	Capital	Debt Service	Total Governmental Funds
Real Property Taxes and Tax Items	\$ 54,688,225	\$ -	\$ -	\$ -	\$ -	\$ 54,688,225
Charges for Services	434,818	-	-	-	-	434,818
Use of Money and Property	702,313	-	-	-	1	702,314
Sale of Property and Compensation for Loss	63,691	-	-	56,501	-	120,192
Miscellaneous	611,514	-	5,464	-	-	616,978
State Sources	20,702,855	538,235	1,971	-	-	21,243,061
Federal Sources	416,494	1,236,694	30,993	-	-	1,684,181
Sales	-	-	1,067,179	-	-	1,067,179
Total Revenues	77,619,910	1,774,929	1,105,607	56,501	1	80,556,948
Expenditures						
General Support	7,115,252	15,743	488,540	-	-	7,619,535
Instruction	39,078,888	1,731,419	-	-	-	40,810,307
Pupil Transportation	3,536,594	80,735	-	-	-	3,617,329
Community Services	-	-	-	-	-	-
Employee Benefits	16,446,971	161,960	224,196	-	-	16,833,127
Debt Service	-	-	-	-	10,582,691	10,582,691
Cost of Sales	-	-	534,002	-	-	534,002
Capital Outlay	-	-	-	-	-	-
Total Expenditures	66,177,705	1,989,857	1,246,738	-	10,582,691	79,996,991
Excess (Deficiency) of Revenues Over Expenditures	11,442,205	(214,928)	(141,131)	56,501	(10,582,690)	559,957
Other Financing Sources And (Uses)						
Interfund Transfers in	4,386	219,314	-	-	10,300,000	10,523,700
Interfund Transfers (out)	(10,519,314)	(4,386)	-	-	-	(10,523,700)
Proceeds of Long Term Debt	-	-	-	-	-	-
Proceeds from Advanced Refunding	-	-	-	-	3,585,822	3,585,822
Payment to Escrow Agent	-	-	-	-	(3,585,822)	(3,585,822)
BANs Redeemed From Appropriations	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(10,514,928)	214,928	-	-	10,300,000	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	927,277	-	(141,131)	56,501	(282,690)	559,957
Fund Equity, Beginning of Year	8,370,961	-	101,984	25,561	1,438,521	9,937,027
Fund Equity, End of Year	\$ 9,298,238	\$ -	\$ (39,147)	\$ 82,062	\$ 1,155,831	\$ 10,496,984

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

Net changes in fund balance - total governmental funds	\$	559,957
<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 position and allocated over their useful lives as depreciation expense in the statement of activities.</p>		
	Depreciation expense \$	(5,279,802)
	Capital outlays	<u>758,810</u>
		(4,520,992)
<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 2015/16 results in less expense.</p>		
		109,040
<p>Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Bond premiums and certain costs and losses on issuance of refunding bonds are recognized as deferred inflows and outflows</p>		
		8,219,750
<p>Amortization of issuance costs and loss on refunding bonds</p>		
		(358,958)
<p>Amortization of bond premiums</p>		
		863,612
<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	6,087,630
	Cost of benefits earned net of employee contributions	<u>78,879</u>
		6,166,509
<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>(9,152,663)</u>
<p>Change in net position - governmental activities</p>		
	\$	<u><u>1,886,255</u></u>

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

	Agency	Private Purpose Trusts
ASSETS		
Cash - unrestricted	\$ 263,315	\$ -
Cash - restricted	6,187	107,713
Due from other funds	30,334	-
Investments - restricted	69,259	-
Total Assets	\$ 369,095	\$ 107,713
LIABILITIES		
Extraclassroom activity balances	\$ 75,445	\$ -
Due to other funds	-	1,300
Other liabilities	293,650	-
Total Liabilities	\$ 369,095	\$ 1,300
NET ASSETS		
Reserved for scholarships		\$ 106,413

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

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	\$ -
Investment earnings	53
Total Additions	53
DEDUCTIONS	
Scholarships and awards	1,700
Contractual and other	-
Change in Net Assets	(1,647)
Net Assets - Beginning of year	108,060
Net Assets - End of year	\$ 106,413

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

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 District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity fund can be found at the 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, 2016**

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. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year ended June 30, 2016, the Niskayuna Central School District was billed \$4,357,079 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,457,217. Final 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, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

Fund financial statements

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

The District reports the following major governmental funds:

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.

Other Fund Type:

Fiduciary Funds

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee and agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

Fund financial statements

Other Fund Type:

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

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, compensated absences, post-employment benefits and pensions which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Property Taxes

I. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 18, 2015. Taxes were collected during the period September 1 through October 31, 2015.

II. Enforcement

Uncollected real property taxes are enforced by the Counties of Schenectady, Albany and Saratoga, in which the District is located. An amount representing uncollected real property taxes transmitted to the Counties for enforcement is paid by the counties to the 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 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 was 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. For the year ended June 30, 2016 supplemental appropriations were funded by donations in the amount of \$90,759.

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, 2016**

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 GASBS 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, 2016**

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, expenditures and revenues 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 BAN's 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, 2016**

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 expenditures in the General Fund of \$24,168, prepaid expenses of \$7,103 in the Special Aid Fund and Inventory recorded in the School Lunch Fund of \$16,600 for a total of \$47,871.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. 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, Capital, 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 under Restricted Fund Balance.

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.

Capital Reserve

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

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

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.

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 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.

Debt Service

Used to account for the unspent proceeds of debt restricted for debt service, and earnings thereon.

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

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:	
Capital Reserve	\$ 788,176
Employee Benefit Accrued Liability	367,507
Insurance	250,000
Retirement Contributions	300,000
Tax Certiorari	1,936,712
Unemployment Insurance	157,830
Workers' Compensation	283,361
Debt Service Fund	<u>1,155,831</u>
Total Restricted Funds	<u><u>\$ 5,239,417</u></u>

Committed – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the 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, 2016.

Assigned – includes amounts that are constrained by the 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 \$433,436. Assigned fund balance is comprised of:

General Fund:	
Board of Education	\$ 6,179
Central Administration	10,566
Finance	37,332
Staff	10,000
Central Services	101,000
Instruction, Administration & Improvement	6,558
Teaching - Regular School	115,332
Programs for Students with Disabilities	73,637
Instructional Media	20,561
Pupil Services	195
Pupil Transportation	52,076
Appropriated Fund Balance	1,563,500
Capital Fund	<u>82,062</u>
Total Assigned Funds	<u><u>\$ 2,078,998</u></u>

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

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.

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. Currently retirees meet those eligibility requirements. The District recognizes the cost of providing benefits for fiscal year 2016 by recording approximately \$8,280,000, its share of insurance premiums/ assessments as expenditures in fiscal year 2016. The cost of providing this benefit for 392 retirees and 16 surviving spouses was approximately \$2,657,000.

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

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 Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Q. Deferred Outflows and Inflows of Resources

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

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 compensated absences, potential contingent liabilities, other post-employment benefits, pensions and useful lives of long-term assets.

S. Restricted Resources

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

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 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, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

U. Accounting Changes

During the fiscal year ended June 30, 2016 the District adopted:

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

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.

V. Implementation of Accounting Standards Not Yet in Effect

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 No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68, effective for the year ending June 30, 2017. GASB has issued Statement No. 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. 77, Tax Abatement Disclosures, effective for the year ending June 30, 2017.

GASB has issued Statement No. 81, Irrevocable Split-Interest Agreements, effective for the year ending June 30, 2017.

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

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

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 four categories. The differences represent:

Long-Term Revenue 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.

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

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

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

Pension Differences

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

3. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. Deficit Fund Balances

There was a deficit fund balance in the School Lunch Fund of (\$39,147) for the year ended June 30, 2016. The District has budgeted for transfers into the Fund to subsidize operations and eliminate the deficit.

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

1. Cash

The District's aggregate bank balances at June 30, 2016 were \$15,622,773. 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
Trust and Agency	\$ 34,720	Municipal Savings	(1)
Trust and Agency	34,539	Certificate of Deposit	(1)

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

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:

<u>Fund</u>	<u>Amount</u>	<u>Restriction</u>
General Fund	\$ 283,361	Workers' Compensation Reserve
	157,830	Unemployment Insurance Reserve
	367,507	Reserve for Employee Benefit Accrued Liability
	300,000	ERS Reserve
	788,176	Capital Reserve
	250,000	Insurance Reserve
	<u>1,936,712</u>	Tax Certiorari Reserve
Total General Fund	<u>\$4,083,586</u>	
Debt Service Fund	\$ 643,522	Debt Service Payments
Trust and Agency	\$ 6,187	Extraclassroom Activity Funds
Private Purpose Trust Fund	<u>107,713</u>	Scholarships and Memorials
Total Fiduciary	<u>\$ 113,900</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, 2016 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 1,366,913	\$ 906,396	\$ 4,386	\$ 10,519,314
Special Aid Fund	364,202	1,052,213	219,314	4,386
School Lunch Fund	851	314,700	-	-
Debt Service Fund	512,309	-	10,300,000	-
Capital Projects Fund	-	-	-	-
Total Governmental Activities	<u>2,244,275</u>	<u>2,273,309</u>	<u>10,523,700</u>	<u>10,523,700</u>
Fiduciary Fund	30,334	1,300	-	-
Totals	<u>\$ 2,274,609</u>	<u>\$ 2,274,609</u>	<u>\$ 10,523,700</u>	<u>\$ 10,523,700</u>

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

4. DETAIL NOTES ON ALL FUNDS

A. Assets

II. Interfund Transactions

The General Fund transferred \$219,314 to the Special Aid Fund to finance the District's local share of expenditures relating to the Summer Handicapped Program. The General Fund transferred to the Debt Service Fund for \$10,300,000 for June 30, 2016 debt service payments. The Special Aid Fund transferred \$4,386 to the General Fund for indirect cost allocations.

III. Capital Assets

Capital asset balances and activity for the year ended June 30, 2016 are as follows:

	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2016</u>
Governmental Activities				
Capital assets that are not depreciated:				
Construction in progress	\$ -	\$ -	\$ -	\$ -
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	120,890,302	-	-	120,890,302
Vehicles	7,774,974	194,457	-	7,969,431
Machinery and equipment	10,366,486	564,353	24,728	10,906,111
Total Depreciable Capital Assets	<u>139,031,762</u>	<u>758,810</u>	<u>24,728</u>	<u>139,765,844</u>
Less accumulated depreciation:				
Buildings and improvements	38,468,893	3,992,286	-	42,461,179
Vehicles	5,364,948	721,990	-	6,086,938
Machinery and equipment	4,968,837	565,526	24,728	5,509,635
Total Accumulated Depreciation	<u>48,802,678</u>	<u>5,279,802</u>	<u>24,728</u>	<u>54,057,752</u>
Total Capital Assets, Net	<u>\$91,124,289</u>	<u>\$(4,520,992)</u>	<u>\$ -</u>	<u>\$86,603,297</u>

Depreciation expense charged to governmental functions as follows:

General Support	\$ 94,711
Instruction	4,513,639
Pupil Transportation	671,452
Community Services	-
Total	<u>\$ 5,279,802</u>

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

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.

	<u>6/30/2016</u>
08/07/2012 Bond - Amount Deferred on Defeasance	\$ 20,607
10/22/2014 Bond - Amount Deferred on Defeasance	3,022,833
06/15/2016 Bond - Amount Deferred on Defeasance	344,056
ERS - Pension Plan Differences	3,379,378
TRS - Pension Plan Differences	<u>4,095,089</u>
Total Deferred Outflows	<u><u>\$ 10,861,963</u></u>

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

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

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 as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (The Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001 or found at www.osc.state.ny.us/retire/publications/index.php.

Contributions

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

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

	<u>ERS</u>	<u>TRS</u>
2015-16	\$ 996,212	\$4,019,701
2014-15	919,814	5,091,418
2013-14	1,034,500	4,588,404

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, 2016**

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

I. Pension Plans

Pension Liabilities

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

	ERS	TRS
Actuarial valuation date	4/1/2015	6/30/2014
Net pension asset/(liability)	\$(3,620,757)	\$20,083,066
District's portion of the Plan's total net pension asset/(liability)	0.0225588%	0.193352%

Pension Expense

For the year ended June 30, 2016, the District recognized its proportionate share of pension expense of \$1,293,503 for ERS and \$(1,328,551) for TRS.

Deferred Outflows and Inflows of Resources Related to Pensions

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

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experiences	\$ 18,297	\$ -	\$ 429,180	\$ 556,588
Changes of assumptions	965,547	-	-	-
Net difference between projected and actual earnings on pension plan investments	2,148,032	-	-	6,348,362
Changes in proportion and differences between contributions and proportionate share of contributions	12,352	24,490	127,737	68,657
Contributions subsequent to the measurement date	235,150	4,070,599	-	-
Total	<u>\$3,379,378</u>	<u>\$4,095,089</u>	<u>\$556,917</u>	<u>\$ 6,973,607</u>

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

I. Pension Plans

Pension Expense

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

<u>Year ended:</u>	<u>ERS</u>	<u>TRS</u>
2016	\$ -	\$2,565,866
2017	(647,185)	2,565,866
2018	(647,185)	2,565,866
2019	(647,185)	(1,050,438)
2020	(647,746)	74,699
Thereafter	-	227,258

Actuarial Assumptions

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

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

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

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

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

I. Pension Plans

Actuarial assumptions

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

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

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

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

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

I. Pension Plans

Actuarial Assumptions

<u>TRS</u>	<u>Target Allocation</u> <u>2014</u>	<u>Long-term expected</u> <u>Real rate of return*</u> <u>2014</u>
Asset Class:		
Domestic equities	37%	6.5%
International equities	18	7.7
Real estate	10	4.6
Alternative investments	<u>7</u>	9.9
Total equities	<u>72</u>	
Domestic fixed income securities	17	2.1
Global fixed income securities	2	1.9
Mortgages	8	3.4
Short-term	<u>1</u>	1.2
Total fixed income	<u>28</u>	
Total	<u>100%</u>	

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

Discount Rate

The discount rate used to calculate the total pension (liability)/asset was 7% for ERS and 8% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (liability)/asset.

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

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

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Assumption</u>	<u>1%</u> <u>Increase</u>
ERS	6.00%	7.00%	8.00%
Employer's proportionate share of the net pension (asset)/liability	\$ 8,164,544	\$ 3,620,757	\$ (218,549)
TRS	7.00%	8.00%	9.00%
Employer's proportionate share of the net pension (asset)/liability	\$ 1,369,924	\$ (20,083,066)	\$ (38,377,962)

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

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 expenses includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2016 is \$(78,879).

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2016 amounted to \$235,150.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2016 are paid to the System in September, October and November 2016 through a state aid intercept. Accrued retirement contributions as of June 30, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2016 amounted to \$4,270,748.

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, 2016.

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

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	\$2,362,941
Less interest accrued in the prior year	(529,460)
Plus current year accrued interest	420,420
Amortization of deferrals on advanced refundings	358,958
amortization of bond premium	<u>(863,612)</u>
Total Expense	<u><u>\$1,749,247</u></u>

b. Prior Year Defeasance

On August 7, 2012 and October 22, 2014, 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, 2016 \$1.18 million of the 2012 bonds outstanding are considered defeased and \$42.315 million of the 2014 bonds outstanding are considered defeased.

c. Bond Refunding

On June 15, 2016, the District issued \$3,245,000 in bonds with an average interest rate of 2.45% to advance refund \$3,240,000 of outstanding 2010 bonds with an average interest rate of 3.27%. The net proceeds of \$3,585,822 (after receipt of reoffering premium of \$360,822 and payment of \$62,153 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 2010 bonds are considered partially defeased. The District still reports a liability for the 2010 bonds in the amount of \$1,685,000 for payment due in fiscal years ending 2017, 2018 and 2019 as these bonds were not callable at the time of refunding. The 2010 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 eight years by \$164,973 and resulted in an economic gain of \$161,162.

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

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 6).

3. Changes

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

Fund/Type	Balance	New Issues/	Maturities/	Balance
<u>General Long-Term Debt:</u>	<u>7/1/2015</u>	<u>Additions</u>	<u>Payments</u>	<u>6/30/2016</u>
Bonds Payable	\$ 67,644,625	\$ 3,245,000	\$ 11,459,750	\$ 59,429,875
Less: Deferred Amounts on Refunding	<u>(3,400,632)</u>	<u>(345,822)</u>	<u>(358,958)</u>	<u>(3,387,496)</u>
	64,243,993	2,899,178	11,100,792	56,042,379
Unamortized Bond Premium	4,830,641	360,822	863,612	4,327,851
Judgments and Claims	3,732,359	1,828,398	-	5,560,757
Workers' Compensation	532,072	-	213,346	318,726
Compensated Absences	396,798	-	29,291	367,507
Other Postemployment Benefits	<u>46,138,395</u>	<u>9,314,137</u>	<u>2,656,333</u>	<u>52,796,199</u>
Total General Long-Term Debt	<u>\$ 119,874,258</u>	<u>\$ 14,402,535</u>	<u>\$ 14,863,374</u>	<u>\$ 119,413,419</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, 2016**

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>6/30/2016</u>
Serial Bonds:				
Renovations	2008	2023	3.125 - 4.000%	\$ 3,350,000
Renovations	2009	2024	2.50 - 4.00%	5,435,000
Renovations	2010	2024	2.50 - 4.00%	1,685,000
Finance School Buses	2012	2016	1.29%	149,875
Renovations – Advanced Refunding	2012	2017	2.00 – 3.00%	1,535,000
Acquisition of Bus Garage	2013	2028	2.50 - 3.75%	2,660,000
Renovations – Advanced Refunding	2014	2024	2.00 - 4.50%	40,725,000
Finance School Buses	2015	2020	0.65 - 1.81%	645,000
Renovations – Advanced Refunding	2016	2024	1.00 - 4.00%	3,245,000
				\$ 59,429,875

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 8,089,875	\$ 2,063,915	\$ 10,153,790
2018	7,590,000	1,857,962	9,447,962
2019	7,290,000	1,637,257	8,927,257
2020	7,480,000	1,400,743	8,880,743
2021	7,615,000	1,107,206	8,722,206
2022-2026	20,855,000	1,615,513	22,470,513
2027-2028	510,000	28,250	538,250
Total	\$ 59,429,875	\$ 9,710,847	\$ 69,140,722

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, 2016 the District has exhausted 22.37% 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, 2016 have been recorded as other liabilities.

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

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

III. Self-Insurance

Health & 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 monthly basis by funding the separate bank account. The total cash in the account amounted to \$328,152 at June 30, 2016. The District estimates the liability for unpaid health insurance claims to be \$1,045,774 for the year ended June 30, 2016.

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 monthly basis by wiring funds to Delta Dental. The District estimates the liability for unpaid dental insurance claims to be \$88,202 for the year ended June 30, 2016. 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, 2016.

All known claims filed and an estimate of all incurred but unreported claims existing at June 30, 2016 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, 2016**

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

III. Self-Insurance

Health & 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>2016</u>	<u>2015</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 950,208	\$ 1,212,890
Incurred claims and claim adjustment expenses:		
Provision for incurred claims expenditures for events of the current year	8,463,521	5,877,131
Increase (decrease) in provision for incurred events of prior years	<u>-</u>	<u>-</u>
Total incurred claims and claim adjustment expenses	9,413,729	7,090,021
Payments made for claims during the current year	<u>(8,279,753)</u>	<u>(6,139,813)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 1,133,976</u>	<u>\$ 950,208</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, 2016**

4. DETAIL NOTES ON ALL FUNDS

C. Liabilities

III. Self-Insurance

Workers' Compensation Insurance

	<u>2016</u>	<u>2015</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 532,072	\$ 1,138,690
Incurred claims and claim adjustment expenses:		
Provision for incurred claims expenditures for events of the current year	320,475	151,908
Increase (decrease) in provision for incurred events of prior years	<u>(233,114)</u>	<u>(621,559)</u>
Total incurred claims and claim adjustment expenses	619,433	669,039
Payments made for claims during the current year	<u>(300,707)</u>	<u>(136,967)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 318,726</u>	<u>\$ 532,072</u>

D. Deferred Inflows of Resources

The District records deferred inflows from pension plan differences resulting from differences in expected vs. actual experience, changes in assumptions and proportion and net differences between projected and actual earnings.

	<u>6/30/2016</u>
ERS - Pension Plan Differences	\$ 556,917
TRS - Pension Plan Differences	<u>6,973,607</u>
Total Deferred Inflows	<u>\$ 7,530,524</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, 2016**

6. OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Plan Description

The District administers the postemployment benefits as a single-employer defined benefit plan (the Plan), through which retirees and their spouses receive benefits. 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, employers and other contributing entities are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when 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 392 retirees and 16 surviving spouses was approximately \$2,657,000.

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, 2015 which indicated that the total liability for other post-employment benefits totaled \$102,109,031. 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.

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.

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

6. OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Actuarial Methods and Assumptions

The actuarial funding method used to calculate the costs of the Plan is known as the Projected Unit Credit Method. Under this method, the present value of each employee's future retiree health benefit claims costs is allocated over a portion of the employee's employment, the "attribution period." The attribution period for this group begins with the employee's date of employment and ends with the date on which the employee is expected to retire. The accrued liability for active employees is the portion of benefit liability attributed to service years to date. Normal cost is the amount of benefit liability attributed to the current employment year. Normal cost for retired employees is zero. The initial accrued liability is amortized over a 30-year period using the level dollar method. Actuarial gains and losses will be determined annually and amortized over a fixed 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 5.0% that is downgraded over a 30 year period to an ultimate rate of 3.84%, 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 OPEB Cost and Net OPEB Obligation

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

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

7. OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Annual OPEB Cost and Net OPEB Obligation

The following table summarizes the Annual OPEB Cost:

	<u>2016</u>	<u>2015</u>
Normal Cost	\$ 3,539,626	\$ 3,408,731
Amortization of Unfunded Actuarial Liability	6,326,037	5,937,586
ARC	9,865,663	9,346,317
Interest on Prior Net OPRB Obligation	2,306,920	1,965,734
Adjustment to ARC	(2,858,446)	(2,435,691)
OPRB Expense	<u>\$ 9,314,137</u>	<u>\$ 8,876,360</u>
Net OPRB Obligation at the beginning of the year	46,138,395	39,314,674
OPRB Expense	9,314,137	8,876,360
Net OPRB Contributions made during the fiscal year	(2,656,333)	(2,052,639)
Net OPRB Obligation at the end of the year	<u>\$ 52,796,199</u>	<u>\$ 46,138,395</u>
Percentage of Expense Contributed	28.52%	23.12%
<i>Funded Status</i>		
Accrued Liability at end of year	\$102,109,031	\$95,839,013
Plan Assets at end of year	-	-
Unfunded Accrued Liability	\$102,109,031	\$95,839,013
Percentage of Funded Accrued Liability	0%	0%

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2016, 2015 and 2014 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/14	\$ 7,731,276	26.8%	\$ 39,314,674
06/30/15	\$ 8,876,360	23.1%	\$ 46,138,395
06/30/16	\$ 9,314,137	28.5%	\$ 52,796,199

8. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 17, 2016, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2016, have been incorporated into these statements herein.

**NISKAYUNA CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES AND OTHER USES COMPARED TO BUDGET - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Revenues</u>	<u>Over (Under) Revised Budget</u>
Revenues				
Local Sources				
Real Property Taxes	\$ 54,219,475	\$ 54,219,475	\$ 54,202,317	\$ (17,158)
Appropriation of Planned Balance	-	-	-	-
Real Property Tax Items	497,013	497,013	485,908	(11,105)
Nonproperty Taxes	-	-	-	-
Charges for Services	335,000	335,000	434,818	99,818
Use of Money and Property	614,199	614,199	702,313	88,114
Forfeitures	-	-	-	-
Sale of Property and Compensation for Loss	750	750	63,691	62,941
Miscellaneous	483,500	559,259	611,514	52,255
Interfund Revenues	-	-	-	-
State Sources	20,021,716	20,036,716	20,702,855	666,139
Federal Sources	350,000	350,000	416,494	66,494
Other Sources	-	-	-	-
Interfund Transfers	-	-	4,386	4,386
Proceeds from Advance Refunding	-	-	-	-
Proceeds of Long Term Debt	-	-	-	-
Total Revenue and Other Sources	<u>76,521,653</u>	<u>76,612,412</u>	<u>77,624,296</u>	<u>\$ 1,011,884</u>
Appropriated Reserve for Tax Certiorari	-	-	-	-
Appropriated Fund Balance	<u>1,923,471</u>	<u>1,923,471</u>	-	-
Total Revenues, Other Sources and Appropriated Fund Balance	<u>\$ 78,445,124</u>	<u>\$ 78,535,883</u>	<u>\$ -</u>	-

**NISKAYUNA CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES AND OTHER USES COMPARED TO BUDGET - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<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	\$ 42,410	\$ 52,311	\$ 41,033	\$ 6,179	\$ 5,099
Central Administration	293,618	281,911	264,412	10,566	6,933
Finance	617,444	646,061	603,575	37,332	5,154
Staff	469,665	462,828	424,068	10,000	28,760
Central Services	5,653,652	5,375,567	5,087,987	101,000	186,580
Special Items	844,645	737,655	694,177	-	43,478
Instruction					
Instruction, Administration & Improvement	2,719,917	2,779,226	2,708,167	6,558	64,501
Teaching - Regular School	22,152,463	22,394,790	21,808,043	115,332	471,415
Programs for Students with Disabilities	8,847,167	8,206,241	8,009,967	73,637	122,637
Occupational Education	448,300	459,300	458,980	-	320
Teaching - Special Schools	259,378	199,105	154,295	-	44,810
Instructional Media	2,481,303	2,637,481	2,548,085	20,561	68,835
Pupil Services	3,176,588	3,517,974	3,391,351	195	126,428
Pupil Transportation	3,245,237	3,769,915	3,536,594	52,076	181,245
Community Services	-	-	-	-	-
Employee Benefits	16,745,337	16,496,204	16,446,971	-	49,233
Total Expenditures	67,997,124	68,016,569	66,177,705	433,436	1,405,428
Other Uses					
Interfund Transfer	10,448,000	10,519,314	10,519,314	-	-
Payment to Escrow Agent	-	-	-	-	-
Total Expenditures and Other Uses	\$ 78,445,124	\$ 78,535,883	76,697,019	\$ 433,436	\$ 1,405,428
Excess of Revenues and Other Sources over Expenditures and Other Uses			\$ 927,277		

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2015	0	102,109,031	102,109,031	0%	34,405,530	296.8%
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%

**NISKAYUNA CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2016**

ERS Pension Plan
Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.02%	0.02%
Proportionate share of the net pension liability (asset)	\$ 3,620,757	\$ 773,633
Covered-employee payroll	\$ 8,091,957	\$ 6,126,997
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	45%	13%
Plan fiduciary net position as a percentage of the total pension liability	90.71%	97.90%

TRS Pension Plan
Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.19%	0.19%
Proportionate share of the net pension liability (asset)	\$ (20,083,066)	\$ (21,293,295)
Covered-employee payroll	\$ 31,550,574	\$ 27,976,129
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-64%	-76%
Plan fiduciary net position as a percentage of the total pension asset	111.46%	111.48%

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

**NISKAYUNA CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2016**

ERS Pension Plan
Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 996,212	\$ 919,814
Contributions in relation to the contractually required contribution	<u>(996,212)</u>	<u>(919,814)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 8,091,957	\$ 6,126,997
Contributions as a percentage of covered-employee payroll	12.31%	15.01%

TRS Pension Plan
Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,091,418	\$ 4,588,404
Contributions in relation to the contractually required contribution	<u>(5,091,418)</u>	<u>(4,588,404)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 31,550,574	\$ 27,976,129
Contributions as a percentage of covered-employee payroll	16.14%	16.40%

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 FINAL BUDGET
 AND SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX
 LAW LIMIT CALCULATION**

FOR THE YEAR ENDED JUNE 30, 2016

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$	78,085,153
Add: Prior year's encumbrances		359,971
Original Budget		78,445,124
Budget revisions		90,759
Final Budget	\$	78,535,883
The 2016-2017 Budget is a Voter-approved Budget in the amount of:		\$ 80,442,905

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2016-17 voter-approved expenditure budget		\$80,442,905
Maximum allowed (4% of 2016-17 budget)		3,217,716
General Fund Fund-Balance Subject to Section 1318 of Real Property Tax Law*:		
Unrestricted Fund Balance:		
Committed Fund Balance	\$	-
Assigned Fund Balance		1,996,936
Unassigned Fund Balance		3,193,548
Total Unrestricted Fund Balance	\$	5,190,484
Less:		
Appropriated Fund Balance	\$	1,563,500
Insurance Recovery Reserve		-
Tax Reduction Reserve		-
Encumbrances in Committed & Assigned Fund Balance		433,436
Total Adjustments	\$	1,996,936
General Fund Fund-Balance Subject to Section 1318 of Real Property Tax Law		\$ 3,193,548
Actual Percentage		3.97%

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

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2016
			Prior Years	Current Year	Total		Serial Installment Bonds	Local Sources	Total	
VAMS Gym Floor Project SED Project # 3014	\$ 185,000	\$ 185,000	\$ 159,438	\$ -	\$ 159,438	\$ 25,562	\$ -	\$ 241,500	\$ 241,500	\$ 82,062
Totals	\$ 185,000	\$ 185,000	\$ 159,438	\$ -	\$ 159,438	\$ 25,562	\$ -	\$ 241,500	\$ 241,500	\$ 82,062

**NISKAYUNA CENTRAL SCHOOL DISTRICT
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
JUNE 30, 2016**

Capital Assets, Net	\$	86,603,297
Add:		
Deferred financing costs	3,387,496	
Capital projects fund - cash and investments	82,062	
		3,469,558
Deduct:		
Unamortized bond premiums	(4,327,851)	
Short-term portion of bonds payable	(8,089,875)	
Long-term portion of bonds payable	(51,340,000)	
Short-term portion of capital leases	-	
Long-term portion of capital leases	-	(63,757,726)
Investment in Capital Assets, Net of Related Debt	\$	26,315,129

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

Kevin J. McCoy, CPA
Thomas W. Donovan, CPA
Frank S. Venezia, CPA
James E. Amell, CPA
Carol A. Hausamann, CPA
Daniel J. Litz, CPA
Karl F. Newton, CPA
Kevin P. O'Leary, CPA
Timothy A. Reynolds, CPA
Heather R. Lewis, CPA
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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 17, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Marvin and Company, P.C.

Latham, NY
October 17, 2016

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

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

Kevin J. McCoy, CPA

Thomas W. Donovan, CPA

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Heather D. Patten, CPA

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 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, 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, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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

We have audited the financial statements of the governmental activities and each major fund of the Niskayuna Central School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 17, 2016, 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 District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Marvin and Company, P.C.

Latham, NY

October 17, 2016

**NISKAYUNA CENTRAL SCHOOL DISTRICT
NISKAYUNA, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Federal Expendi- tures
<u>U.S. Department of Education</u>			
Passed Through New York State Education Department:			
Special Education Cluster			
Special Education - Grants to States (IDEA, Part B)	84.027	0032-16-0830	756,434
Special Education - Grants to States (IDEA, Part B - DISC)	84.027	0031-16-0024	217,993
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-16-0830	18,717
Total Special Education Cluster			993,144
Title I - Grants to Local Educational Agencies	84.010	0021-16-2740	194,646
Title II, Part A - Teacher and Principal Training and Recruitment	84.367	0147-16-2740	43,195
Title III, Part A - Immigration	84.011	0149-16-2740	5,709
Total U.S. Department of Education			1,236,694
<u>U.S. Department of Agriculture</u>			
Passed Through New York State Education Department:			
Child Nutrition Cluster			
School Breakfast Program	10.553	Not Applicable	\$ 30,993
Total Child Nutrition Cluster			30,993
Total U.S. Department of Agriculture			30,993
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,267,687

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

1. BASIS OF PRESENTATION

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

3. SCOPE OF AUDIT

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

4. INDIRECT COST RATE

The Niskayuna Central School District did not elect to use the 10% de minimus cost rate, because the major program (84.027 and 84.173) is exempt from the provisions of the Uniform Guidance.

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.

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

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes x no
- Significant deficiency(ies) identified? _____yes x none reported

Noncompliance material to financial statements noted? _____yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes x no
- Significant deficiency(ies) identified? _____yes x none reported

Type of auditor’s report issued on compliance for major programs Unmodified

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? _____yes x no

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

Section II: Financial Statement Findings

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

None

Section III: Federal Award Findings and Questioned Costs

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

None