

SYOSSET CENTRAL
SCHOOL DISTRICT

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2015

**SYOSSET CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS**

| | <u>Page</u> |
|--|-------------|
| AUDITOR’S REPORTS | |
| Independent Auditor’s Report | 1-2 |
| MANAGEMENT’S DISCUSSION AND ANALYSIS | 3-12 |
| BASIC FINANCIAL STATEMENTS | |
| District-Wide Financial Statements | |
| • Statement of Net Position | 13 |
| • Statement of Activities | 14 |
| Fund Financial Statements | |
| • Balance Sheet – Governmental Funds | 15 |
| • Reconciliation of the Governmental Fund Balances to the District-wide Net Position | 16 |
| • Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Funds | 17 |
| • Reconciliation of the Statement of Revenues and Expenditures of the Governmental Funds to the Statement of Activities | 18 |
| Fiduciary Fund Financial Statements | |
| • Statement of Fiduciary Net Position | 19 |
| • Statement of Changes in Fiduciary Net Position | 20 |
| Notes to Basic Financial Statements | 21-43 |
| REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT’S DISCUSSION AND ANALYSIS | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund | 44 |
| Schedules of Funding Progress of the Other Postemployment Benefits | 45 |
| Schedule of The District’s Contributions | 46 |
| Schedule of The District’s Proportionate Share of the Pension (Asset) Liability | 47 |
| OTHER SUPPLEMENTARY INFORMATION | |
| Schedules of Change from Adopted Budget to Final Budget and Real Property Tax Limit | 48 |
| Schedule of Project Expenditures – Capital Projects Fund | 49 |
| Net Investment in Capital Assets | 50 |
| SINGLE AUDIT REPORTS AND SCHEDULES | |
| 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 Governmental Auditing Standards | 51-52 |
| Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 | 53-54 |
| Schedule of Expenditures of Federal Awards | 55 |
| Notes to Schedule of Expenditures of Federal Awards | 56 |
| Schedule of Findings and Questioned Costs – Federal Compliance Requirements | 57 |
| Status of Prior Year’s Findings and Questioned Costs – Federal Compliance Requirements | 58 |

Independent Auditor's Report

Board of Education
Syosset Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Syosset Central School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Syosset Central School District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

New Accounting Standard

As discussed in Note 1 to the financial statements, the District changed accounting policies related to the financial statement presentation of defined benefit pensions by adopting *Statement of Government Accounting Standards (GASB Statement) No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* in 2015. The new pronouncements require governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. GASB No. 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. Our opinion is not modified with respect to this matter.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Syosset Central School District's basic financial statements. The other supplementary information on pages 48 through 50 is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. The other supplementary information and schedule of expenditures of federal awards 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2015, on our consideration of the Syosset Central School 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 the 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 Syosset Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 2, 2015

Utica, New York

**SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

(Continued)

The Syosset Central School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2015 and 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

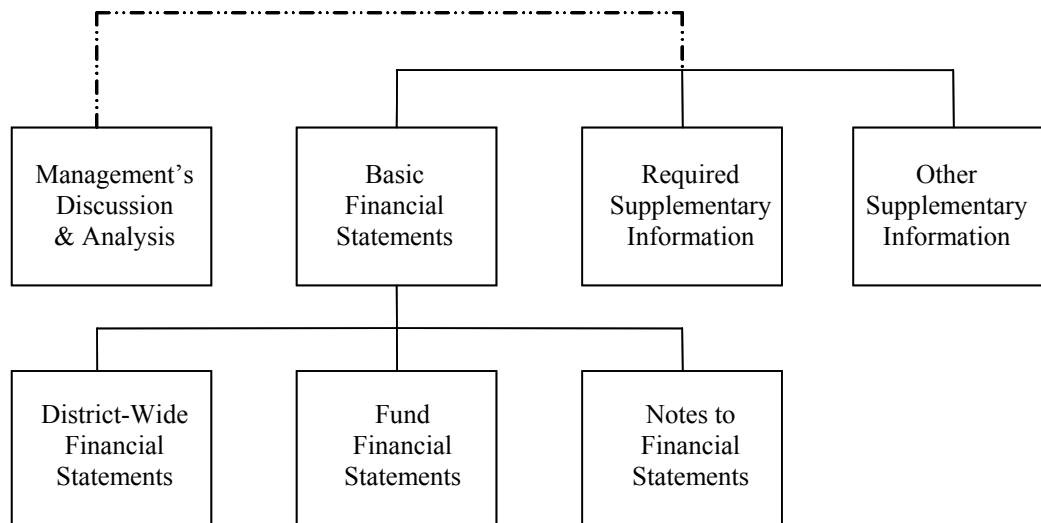
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2015 are as follows:

- The School District's total net position, as reflected in the district-wide financial statements increased by \$10,906,959. The increase is primarily a result of the School District recognizing a credit to pension expense which exceeded amortization of the other postemployment benefits liability (See Note 12 to the financial statements).
- The School District's expenses for the year, as reflected in the district-wide financial statements, totaled \$201,636,324. Of this amount, \$4,996,803 was offset by charges for services and program revenues. The district-wide general revenues as identified on page 14, amounted to \$207,546,480 and represented 97.6% of total revenues.
- The general fund's total fund balance, as reflected in the fund financial statements on pages 15 and 17, increased by \$2,016,069 to \$52,082,287.
- The School District received operating grants of \$2,951,703 to support instructional and food service programs.
- State and federal revenue increased by \$1,482,692 to \$11,936,161 in 2015 from \$10,453,469 in 2014.
- The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* (GASB No. 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB No. 71). The implementation of GASB No. 68 and No. 71 resulted in the reporting of an asset, deferred outflow of resources, liability and deferred inflow of resources related to the District's participation in the New York State Teachers' and Employees' retirement systems. The School Districts 2014 net position was restated by \$18,519,357.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



**SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

(Continued)

A. District-wide Financial Statements

The district-wide financial statements present the governmental activities of the School District and are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, not the School District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the School District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School District maintains five individual governmental funds, general fund, school lunch fund, special aid fund, debt service fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the School District in its capacity as an agent or trustee. All of the School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's district-wide financial statements because the District cannot use these assets to finance its operations.

**SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

(Continued)

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The School District's total net position increased \$10,906,959 between fiscal year 2015 and 2014. A summary of the School District's Statement of Net Position at June 30, 2015 and 2014 is as follows:

| | 2015 | (Restated) 2014 | Increase (Decrease) | Percentage Change |
|---|-----------------------|-----------------------|------------------------|----------------------|
| Current and Other Assets | \$ 79,289,680 | \$ 74,459,557 | \$ 4,830,123 | 6.5% |
| Capital Assets, (Net of Depreciation) | 81,095,648 | 83,453,884 | (2,358,236) | (2.8%) |
| Net Pension Asset - Proportionate Share | 73,954,151 | 4,170,157 | 69,783,994 | 1673.4% |
| Total Assets | <u>234,339,479</u> | <u>162,083,598</u> | <u>72,255,881</u> | 44.6% |
| Deferred Outflows of Resources | 19,540,139 | 17,099,178 | 2,440,961 | 14.3% |
| Total Assets and Deferred Outflow of Resources | <u>\$ 253,879,618</u> | <u>\$ 179,182,776</u> | <u>\$ 74,696,842</u> | 41.7% |
| Current Liabilities | \$ 26,653,528 | \$ 23,886,741 | \$ 2,766,787 | 11.6% |
| Long-term Liabilities | 138,279,626 | 128,105,064 | 10,174,562 | 7.9% |
| Total Liabilities | <u>164,933,154</u> | <u>151,991,805</u> | <u>12,941,349</u> | 8.5% |
| Deferred Inflows of Resources | 52,168,490 | 1,319,956 | 50,848,534 | 3852.3% |
| Total Liabilities and Deferred Inflows of Resources | <u>217,101,644</u> | <u>153,311,761</u> | <u>63,789,883</u> | 41.6% |
| Net Position | | | | |
| Net Investment in Capital Assets | 49,288,431 | 48,083,945 | 1,204,486 | 2.5% |
| Restricted | 39,885,999 | 37,543,936 | 2,342,063 | 6.2% |
| Unrestricted (Deficit) | (52,396,456) | (59,756,866) | 7,360,410 | 12.3% |
| Total Net Position | <u>36,777,974</u> | <u>25,871,015</u> | <u>10,906,959</u> | 42.2% |
| Total Liabilities and Deferred Inflows of Resources and Net Position | <u>\$ 253,879,618</u> | <u>\$ 179,182,776</u> | <u>\$ 74,696,842</u> | 41.7% |

The implementation of GASB No. 68 required the District to restate its net position at June 30, 2014 by reporting of an asset, deferred outflow of resources and liability of resources related to the District's participation in the New York State Teachers' and Employees' retirement systems. The details of the restatement are more fully described in Note 11 to the Financial Statements.

Current and other assets increased by \$4,830,123, as compared to the prior year. The increase is primarily due to an increase in the District's cash balances.

Capital assets (net of depreciation) decreased by \$2,358,236, as compared to the prior year. This decrease is primarily due to depreciation expense exceeding amounts expended for additions. Note 8 to the Financial Statements provides additional information.

Net pension asset –proportionate share provided by the Teachers Retirement System increased by \$69,783,994, as compared to the prior year.

Deferred outflows of resources provided by the Retirement Systems increased by \$2,440,961, as compared to the prior year.

Current liabilities increased by \$2,766,787 as compared to the prior year. This increase is primarily a result of the increase in accounts payable and liabilities due to the retirement systems.

Long-term liabilities increased by \$10,174,562, as compared to the prior year. This increase is primarily the result of the School District recording an additional liability for other postemployment benefits exceeding the reduction in net pension liability – proportionate share and repayment of bond principal.

Deferred inflows of resources increased \$50,848,534 due to amounts provided by the Retirement Systems.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction (net of any unexpended proceeds) from the total cost of all asset acquisitions, net of accumulated depreciation. The total cost of

**SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

(Continued)

these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support School District operations. This number increased from the prior year by \$1,204,486 due to an increase in capital asset (net of depreciation) and reduction in related debt.

The restricted portion of net position at June 30, 2015, is comprised of amounts with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Note 1 to the Financial Statements provides further descriptions and detailed balances.

The unrestricted deficit portion of the School District's net position at June 30, 2015, is \$52,396,456, which represents the amount by which the School District's liabilities, excluding debt related to capital construction assets and deferred inflows of resources related to pensions, exceeded its assets, other than capital assets and deferred outflows of resources. This deficit is primarily a result of the requirement to accrue other postemployment benefits. The accumulated accrued liability for this obligation is \$98,155,467 at June 30, 2015.

Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is included in the other real property tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2015 and 2014 is as follows:

| Revenues | <u>2015</u> | <u>2014</u> | <u>Increase (Decrease)</u> | <u>Percentage Change</u> |
|-----------------------------------|----------------------|------------------------|--------------------------------|------------------------------|
| Program Revenues | | | | |
| Charges for Services | \$ 2,045,100 | \$ 2,449,161 | \$ (404,061) | (16.5%) |
| Operating Grants | 2,951,703 | 2,375,390 | 576,313 | 24.3% |
| General Revenues | | | | |
| Property Taxes, STAR and PILOT | 193,461,517 | 189,697,578 | 3,763,939 | 2.0% |
| State and Federal Sources | 11,936,161 | 10,453,469 | 1,482,692 | 14.2% |
| Other Government Sources | 952,181 | 873,613 | 78,568 | 9.0% |
| Other | <u>1,196,621</u> | <u>759,726</u> | <u>436,895</u> | 57.5% |
| Total Revenues | <u>212,543,283</u> | <u>206,608,937</u> | <u>5,934,346</u> | 2.9% |
| Expenses | | | | |
| General Support | 24,569,914 | 25,411,727 | (841,813) | (3.3%) |
| Instruction | 164,486,756 | 180,917,292 | (16,430,536) | (9.1%) |
| Pupil Transportation | 9,240,099 | 9,573,625 | (333,526) | (3.5%) |
| Community Service | 359,576 | 299,781 | 59,795 | 19.9% |
| Debt Service-Unallocated Interest | 1,215,051 | 968,662 | 246,389 | 25.4% |
| Food Service Program | <u>1,764,928</u> | <u>1,957,249</u> | <u>(192,321)</u> | (9.8%) |
| Total Expenses | <u>201,636,324</u> | <u>219,128,336</u> | <u>(17,492,012)</u> | (8.0%) |
| Total Change in Net Position | <u>\$ 10,906,959</u> | <u>\$ (12,519,399)</u> | <u>\$ 23,426,358</u> | 187.1% |

The School District's revenues increased by 2.9% in 2015 or a net amount of \$5,934,346. The major components that contributed to the net increase were:

- The School District had an increase in state and federal operating grants of \$576,313.
- Property taxes and STAR revenues increased by \$3,763,939
- The School District had an increase in state and federal sources of \$1,482,692.
- The School District's other revenue increased by \$436,895.

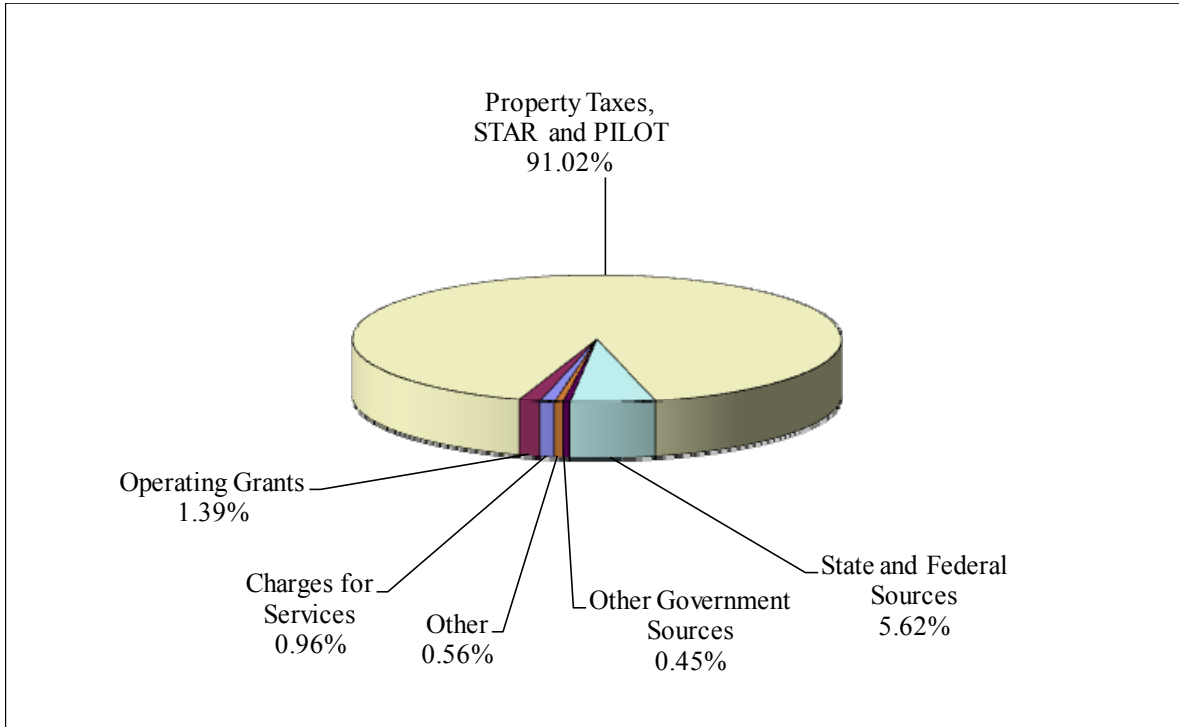
The School District's expenses for the year decreased by \$17,492,012 or 8.0%. This decrease was a result of the District recognizing a credit to pension expenses of \$13,507,321 in 2015 due to the adoption of GASB No. 68 and No. 71 (See notes 1 and 12 to the Financial Statements.) Budgetary increases to operating expenses in the general fund and increases in postemployment benefit expenses over the prior year offset the reduction in pension expense.

**SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

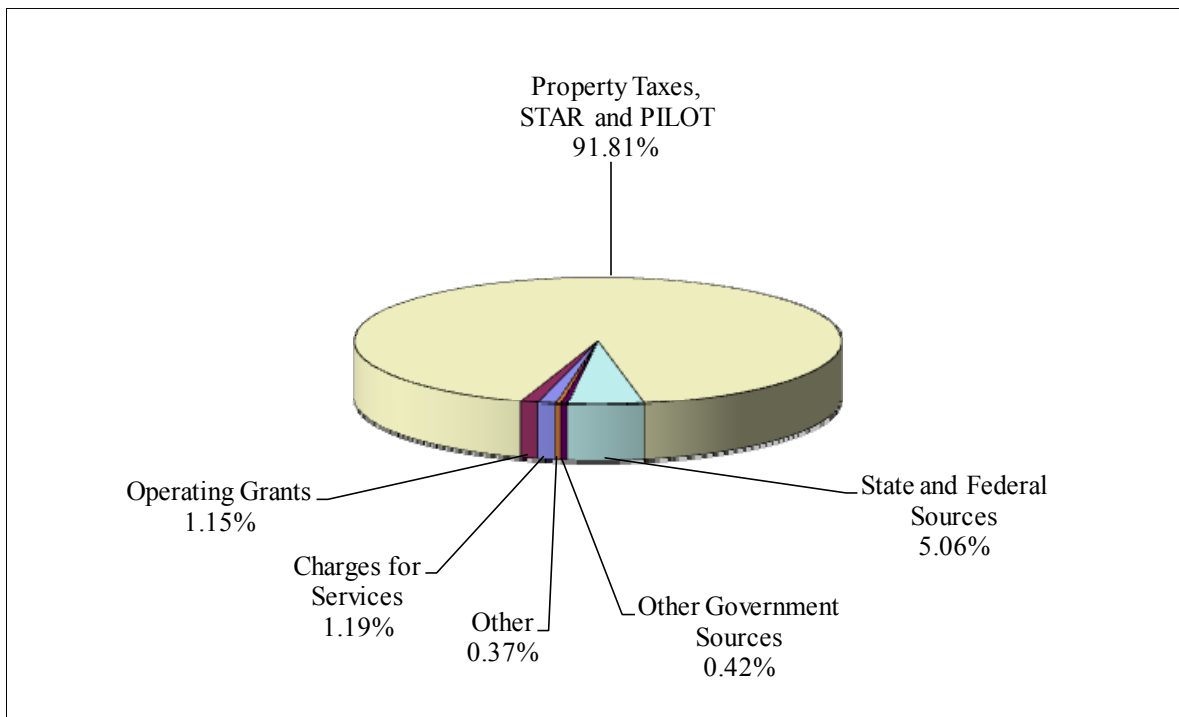
(Continued)

A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2015



For the Year Ended June 30, 2014

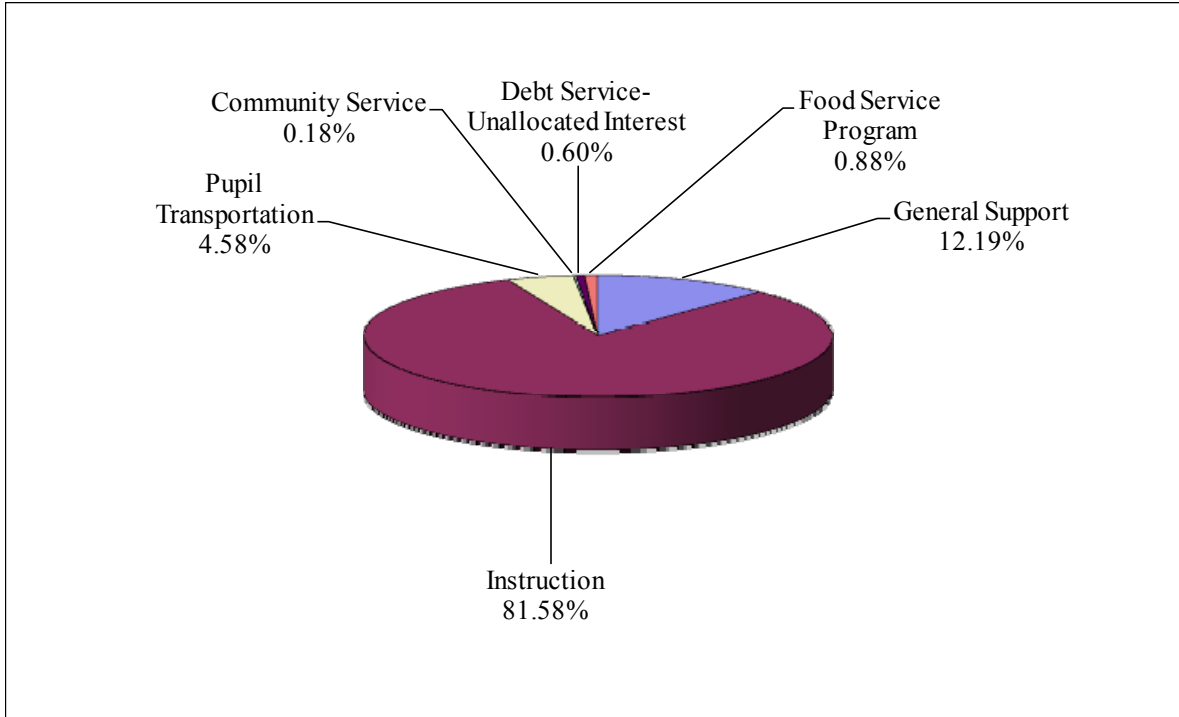


**SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

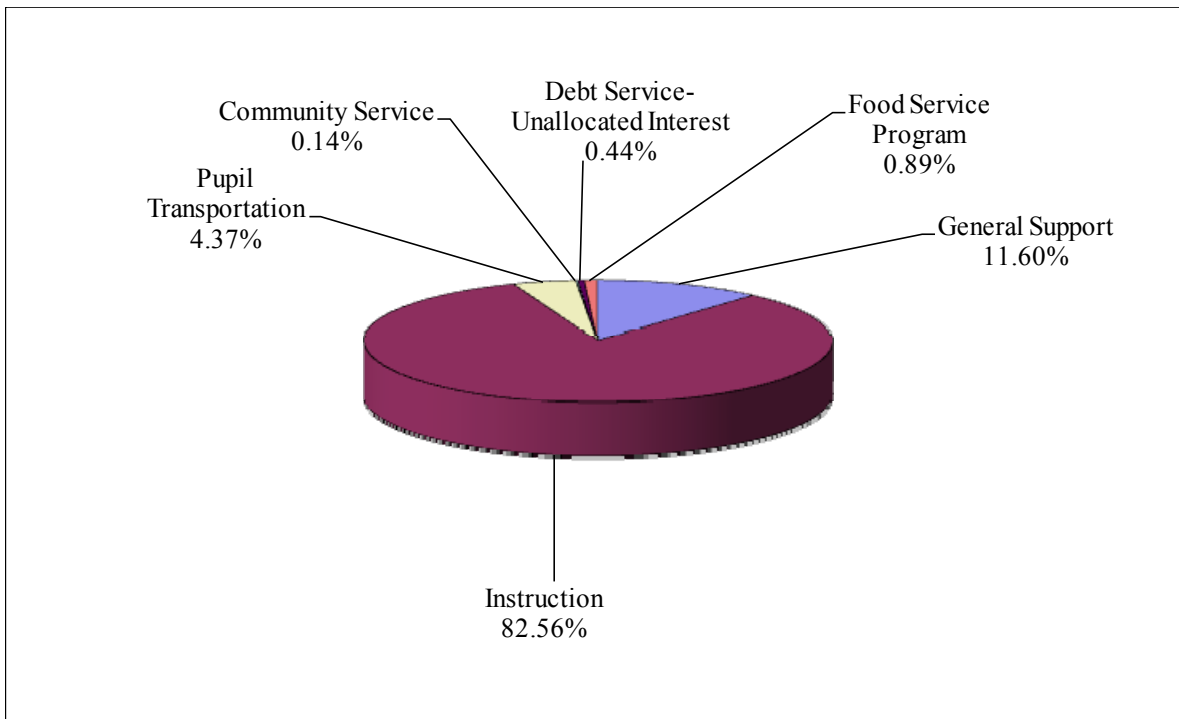
(Continued)

A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2015



For the Year Ended June 30, 2014



**SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2015, the School District's governmental funds reported a combined fund balance of \$53,112,492, which is an increase of \$2,036,014 over the prior years combined fund balance of \$51,076,478. This increase is primarily due to surplus in the general fund. A summary of the change in fund balance by fund is as follows:

| General Fund | 2015 | 2014 | Increase (Decrease) |
|---|--------------------------|--------------------------|--------------------------------|
| Restricted | | | |
| Workers' Compensation | \$ 2,530,364 | \$ 3,219,272 | \$ (688,908) |
| Unemployment Insurance | 1,773,978 | 1,619,276 | 154,702 |
| Employee Benefit Accrued Liability | 3,814,170 | 3,903,444 | (89,274) |
| Retirement Contribution | 20,941,455 | 22,962,296 | (2,020,841) |
| Insurance | 1,295,737 | 1,292,187 | 3,550 |
| Capital Reserve | 9,134,490 | 4,124,211 | 5,010,279 |
| Repairs | <u>168,351</u> | <u>168,200</u> | <u>151</u> |
| Total Restricted | <u>39,658,545</u> | <u>37,288,886</u> | <u>2,369,659</u> |
| Assigned | | | |
| Encumbrances | 1,330,997 | 2,168,104 | (837,107) |
| Designated for Subsequent Year's Expenditures | <u>2,469,325</u> | <u>2,100,000</u> | <u>369,325</u> |
| Total Assigned | <u>3,800,322</u> | <u>4,268,104</u> | <u>(467,782)</u> |
| Unassigned | <u>8,623,420</u> | <u>8,509,228</u> | <u>114,192</u> |
| Total General Fund | <u>52,082,287</u> | <u>50,066,218</u> | <u>2,016,069</u> |
| School Lunch Fund | | | |
| Nonspendable | 540 | 6,455 | (5,915) |
| Assigned | <u>802,211</u> | <u>748,755</u> | <u>53,456</u> |
| Total School Lunch Fund | <u>802,751</u> | <u>755,210</u> | <u>47,541</u> |
| Debt Service Fund | | | |
| Restricted | <u>21,475</u> | <u>21,389</u> | <u>86</u> |
| Total Debt Service Fund | <u>21,475</u> | <u>21,389</u> | <u>86</u> |
| Capital Projects Fund | | | |
| Restricted | <u>205,979</u> | <u>233,661</u> | <u>(27,682)</u> |
| Total Capital Projects Fund | <u>205,979</u> | <u>233,661</u> | <u>(27,682)</u> |
| Total Fund Balance - All Funds | <u>\$ 53,112,492</u> | <u>\$ 51,076,478</u> | <u>\$ 2,036,014</u> |

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2014-2015 Budget

The School District's general fund adopted budget for the year ended June 30, 2015, was \$212,730,695. This is an increase of \$3,685,732 over the prior year's adopted budget. The budget was funded through a combination of revenues and assigned fund balance. The majority of this funding source was \$193,416,892 in estimated property taxes, STAR and State Aid in the amount of \$11,085,623.

**SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

(Continued)

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

| | |
|--|---------------------|
| Opening, Unassigned Fund Balance | \$ 8,509,228 |
| Appropriation of Restricted Funds for the June 30, 2015 Budget | (4,695,102) |
| Revenues and Other Financing Sources over Budget | 1,383,500 |
| Expenditures and Encumbrances under Budget | 8,264,778 |
| Net Increase to Restricted Funds | (2,369,659) |
| Appropriated Fund Balance for the June 30, 2016 Budget | <u>(2,469,325)</u> |
| Closing, Unassigned Fund Balance | <u>\$ 8,623,420</u> |

Opening, Unassigned Fund Balance

The \$8,509,228 opening unassigned fund balance is the portion of the District's June 30, 2014, fund balance that was retained as unassigned. This was 4.0% of the School District's 2014-2015 approved operating budget.

Appropriation of Restricted Funds for the June 30, 2014 Budget

The School District appropriated \$4,695,102 of various reserves to balance the June 30, 2015 operating budget.

Revenues and Other Financing Sources over Budget

The 2014-2015 budget for revenues and other financing sources was \$205,935,593. The actual revenues and other financing sources received for the year were \$207,319,093. The actual revenue over estimated or budgeted revenue was \$1,383,500. This variance contributes directly to the change to the unassigned portion of the general fund fund balance from June 30, 2014 to June 30 2015.

Expenditures and Encumbrances Under Budget

The 2014-2015 final budget for expenditures was \$214,898,799. The actual expenditures and encumbrances were \$206,634,021. The final budget was under expended by \$8,264,778. This under expenditure contributes to the change to the unassigned portion of the general fund fund balance from June 30, 2014 to June 30, 2015.

Net Increase to Restricted Funds

The School District recognized a net increase to restricted funds of \$2,369,659 through transfers approved by the Board of Education, interest earnings and reclassifications as illustrated on the Financial Analysis of the School Districts Fund Balances chart located on Page 9 and further described in note 14 to the financial statements.

Appropriated Fund Balance for the June 30, 2015 Budget

The School District has elected to use \$2,469,325 of its available June 30, 2015, fund balance to partially fund its 2015-2016 approved operating budget.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the School District will begin the 2015-2016 fiscal year with an unassigned fund balance of \$8,623,420. This is an increase of \$114,192 over the June 30, 2014 unassigned balance. This is 4.0% of the School District's 2015-2016 approved operating budget, and is in compliance with NYS Real Property Tax Law 1318.

**SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

(Continued)

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2015, the District had invested in a broad range of capital assets, including land, land improvements, buildings and improvements, and vehicles, furniture, and equipment. The net decrease in capital assets is due to capital additions less depreciation recorded for the year ended June 30, 2015. A summary of the District's capital assets, net of depreciation at June 30, 2015 and 2014, is as follows:

| | 2015 | 2014 | Increase (Decrease) |
|------------------------------------|----------------------|----------------------|------------------------|
| Land | \$ 1,254,281 | \$ 1,254,281 | \$ |
| Land Improvements | 586,824 | 745,195 | (158,371) |
| Buildings and Improvements | 76,723,032 | 79,208,618 | (2,485,586) |
| Vehicles, Furniture, and Equipment | 2,531,511 | 2,245,790 | 285,721 |
| Capital Assets, Net | <u>\$ 81,095,648</u> | <u>\$ 83,453,884</u> | <u>\$ (2,358,236)</u> |

B. Debt Administration

At June 30, 2015, the District had total bonds payable of \$30,390,000. A summary of notes payable and outstanding bonds at June 30, 2015 and 2014, is as follows:

| Issue Date | Interest Rate | 2015 | 2014 | Increase (Decrease) |
|---------------|------------------|----------------------|----------------------|------------------------|
| 9/1/2004 | 2.0%-4.0% | \$ 1,330,000 | \$ 1,950,000 | \$ (620,000) |
| 7/1/2001 | 4.0%-5.0% | 70,000 | 80,000 | (10,000) |
| 7/1/2002 | 4.1%-5.0% | 135,000 | 150,000 | (15,000) |
| 7/1/2005 | 4.0%-4.1% | | 270,000 | (270,000) |
| 12/1/2005 | 4.1%-4.3% | | 585,000 | (585,000) |
| 5/1/2007 | 4.0%-5.0% | 8,670,000 | 1,675,000 | 6,995,000 |
| 7/1/2006 | 4.5%-4.8% | 100,000 | 9,685,000 | (9,585,000) |
| 10/15/2013 | 2.0%-5.0% | 7,945,000 | 7,950,000 | (5,000) |
| 10/15/2013 | 2.0%-5.0% | 10,665,000 | 11,430,000 | (765,000) |
| 5/1/2015 | 2.0%-5.0% | 1,475,000 | | 1,475,000 |
| | | <u>\$ 30,390,000</u> | <u>\$ 33,775,000</u> | <u>\$ (3,385,000)</u> |

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As evidenced by the data presented in this report, the Syosset School District is financially strong, and despite the difficult economy the district shows no signs of fiscal stress. While the external economic climate continues to present new challenges and uncertainties, the school district will maintain its long-term practice of vigilant financial planning and prudent fiscal management as a means to preserve its financial stability into the future.

In May 2015, the voters approved the 2015-16 school district budget of \$215,585,452. The resulting tax levy of \$192,035,706 was below the new tax levy cap.

In May 2014, the voters also approved the establishment and funding of the 2014 capital reserve as a means of financing future capital needs. The District has funded \$9,134,490 into this reserve as of June 30, 2015.

In the 2013-14 school year and again in the 2014-15 school year, the school district refunded some of its outstanding debt to take advantage of lower interest rates and reduce future debt service expense. The district will continue its efforts to sell the Woodbury School building.

Due to the district's conservative budgeting methods and the aggressive management of the approved budget throughout the 2014-15 school year, the district was able to apply \$2,469,325 to support the 2015-16 budget.

**SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

(Continued)

In September 2015 Nassau school districts were notified of a plan to reduce their tax levies by the amount of LIPA properties. It is anticipated that districts will receive the difference in the levy in the form of PILOT payments. At this time Nassau County has not provided the data necessary to determine the full impact of this action on school districts in the county.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, at:

Syosset Central School District
P.O. Box 9029
Syosset, NY 11791-9029

SYOSSET CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

Assets

Current Assets

| | |
|--------------------------------------|---------------|
| Cash and Cash Equivalents | \$ 32,041,965 |
| Restricted Cash and Cash Equivalents | 39,886,025 |
| Receivables | |
| Tax Receivables | 4,058,887 |
| Due From Other Governments | 3,207,254 |
| Due from Fiduciary Funds | 59,516 |
| Other Receivables | 35,493 |
| Inventory | 540 |

Noncurrent Assets

| | |
|---|--------------------|
| Capital Assets Not Being Depreciated | 1,254,281 |
| Capital Assets Being Depreciated, Net of Accumulated Depreciation | 79,841,367 |
| Net Pension Asset - Proportionate Share | <u>73,954,151</u> |
| Total Assets | <u>234,339,479</u> |

Deferred Outflows of Resources

| | |
|--|-------------------|
| Deferred Outflows of Resources, Pensions | <u>19,540,139</u> |
|--|-------------------|

Total Assets and Deferred Outflows of Resources

\$ 253,879,618

Liabilities

| | |
|---|--------------------|
| Accounts Payable | 6,084,422 |
| Accrued Liabilities | 835,296 |
| Due To | |
| Other Governments | 223,877 |
| Teachers' Retirement System | 17,876,611 |
| Employees' Retirement System | 1,074,459 |
| Overpayments and Collections in Advance | 82,523 |
| Bond Interest Payable | 476,340 |
| Long-term Liabilities | |
| Due Within One Year | |
| Bonds Payable | 3,485,000 |
| Note Payable | 97,315 |
| Due in More Than One Year | |
| Bonds Payable | 26,905,000 |
| Note Payable | 80,253 |
| Other Postemployment Benefits | 98,155,467 |
| Workers Compensation Liability | 2,349,244 |
| Compensated Absences | 5,151,497 |
| Net Pension Liability - Proportionate Share | <u>2,055,850</u> |
| Total Liabilities | <u>164,933,154</u> |

Deferred Inflows of Resources

| | |
|--|-------------------|
| Deferred Amounts from Refunding of Debt, Net of Amortization | 1,239,649 |
| Deferred Inflows of Resources, Pensions | <u>50,928,841</u> |
| Total Deferred Inflows of Resources | <u>52,168,490</u> |

Net Position

| | |
|----------------------------------|---------------------|
| Net Investment in Capital Assets | 49,288,431 |
| Restricted | 39,885,999 |
| Unrestricted (Deficit) | <u>(52,396,456)</u> |
| Total Net Position | <u>36,777,974</u> |

Total Liabilities, Deferred Inflows of Resources and Net Position

\$ 253,879,618

The Accompanying Notes are an Integral Part of These Financial Statements.

SYOSSET CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|---|-----------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | |
| General Support | \$ 24,569,914 | \$ | \$ | \$ (24,569,914) |
| Instruction | 164,486,756 | 564,663 | 2,727,720 | (161,194,373) |
| Pupil Transportation | 9,240,099 | | | (9,240,099) |
| Community Service | 359,576 | | | (359,576) |
| Debt Service - Unallocated Interest | 1,215,051 | | | (1,215,051) |
| Food Service Program | 1,764,928 | 1,480,437 | 223,983 | (60,508) |
| Total Functions/Programs | <u>\$ 201,636,324</u> | <u>\$ 2,045,100</u> | <u>\$ 2,951,703</u> | <u>(196,639,521)</u> |
| General Revenues | | | | |
| Real Property Taxes | | | | 178,095,837 |
| Other Real Property Tax Items | | | | 15,365,680 |
| Use of Money and Property | | | | 166,700 |
| Sale of Property and Compensation for Loss | | | | 77,602 |
| State and Federal Sources | | | | 11,936,161 |
| Other Governmental Sources | | | | 952,181 |
| Miscellaneous | | | | 952,319 |
| Total General Revenues | | | | <u>207,546,480</u> |
| Change in Net Position | | | | <u>10,906,959</u> |
| Net Position, Beginning of Year | | | | 7,351,658 |
| Prior Period Adjustment (See Note 16) | | | | <u>18,519,357</u> |
| Net Position, Beginning of Year (As Restated) | | | | <u>25,871,015</u> |
| Net Position, End of Year | | | | <u>\$ 36,777,974</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

SYOSSET CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

| | General | School Lunch | Special Aid | Debt Service | Capital | Total |
|---|----------------------|---------------------|---------------------|------------------|-------------------|----------------------|
| Assets | | | | | | |
| Cash and Cash Equivalents | \$ 30,738,357 | \$ 1,209,267 | \$ 94,341 | \$ | \$ | \$ 32,041,965 |
| Restricted Cash and Cash Equivalents | 39,658,546 | | | 21,475 | 206,004 | 39,886,025 |
| Receivables | | | | | | |
| Tax Receivables | 4,058,887 | | | | | 4,058,887 |
| Due From Other Governments | 1,724,403 | 13,587 | 1,469,264 | | | 3,207,254 |
| Due From Other Funds | 1,687,580 | | | | | 1,687,580 |
| Other Receivables | 35,493 | | | | | 35,493 |
| Inventory | | 540 | | | | 540 |
| Total Assets | <u>\$ 77,903,266</u> | <u>\$ 1,223,394</u> | <u>\$ 1,563,605</u> | <u>\$ 21,475</u> | <u>\$ 206,004</u> | <u>\$ 80,917,744</u> |
| Liabilities | | | | | | |
| Payables | | | | | | |
| Accounts Payable | \$ 5,810,546 | \$ 103,201 | \$ 170,675 | \$ | \$ | \$ 6,084,422 |
| Accrued Liabilities | 834,381 | | 915 | | | 835,296 |
| Due To | | | | | | |
| Other Governments | 223,125 | 752 | | | | 223,877 |
| Other Funds | | 236,024 | 1,392,015 | | 25 | 1,628,064 |
| Teachers' Retirement System | 17,876,611 | | | | | 17,876,611 |
| Employees' Retirement System | 1,074,459 | | | | | 1,074,459 |
| Overpayments and Collections in Advance | 1,857 | 80,666 | | | | 82,523 |
| Total Liabilities | <u>25,820,979</u> | <u>420,643</u> | <u>1,563,605</u> | | <u>25</u> | <u>27,805,252</u> |
| Fund Balance | | | | | | |
| Nonspendable | | 540 | | | | 540 |
| Restricted | 39,658,545 | | | 21,475 | 205,979 | 39,885,999 |
| Assigned | 3,800,322 | 802,211 | | | | 4,602,533 |
| Unassigned | <u>8,623,420</u> | | | | | <u>8,623,420</u> |
| Total Fund Balance | <u>52,082,287</u> | <u>802,751</u> | | <u>21,475</u> | <u>205,979</u> | <u>53,112,492</u> |
| Total Liabilities and Fund Balance | <u>\$ 77,903,266</u> | <u>\$ 1,223,394</u> | <u>\$ 1,563,605</u> | <u>\$ 21,475</u> | <u>\$ 206,004</u> | <u>\$ 80,917,744</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

**SYOSSET CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE DISTRICT-WIDE NET POSITION
June 30, 2015**

| | |
|----------------------------------|---------------|
| Total Governmental Fund Balances | \$ 53,112,492 |
|----------------------------------|---------------|

Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.

| | | |
|---------------------------------|---------------------|------------|
| Original Cost of Capital Assets | 141,738,386 | |
| Accumulated Depreciation | <u>(60,642,738)</u> | 81,095,648 |

| | |
|---|------------|
| Certain disbursements previously expended in the governmental funds related to pensions are treated as long term assets and increase net position. The net pension asset - proportionate share at year end for TRS was: | 73,954,151 |
|---|------------|

| | |
|--|------------|
| Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to: | 19,540,139 |
|--|------------|

| | |
|--|-----------|
| Payables that are associated with long-term liabilities are not payable in the current period and, therefore, are not reported as liabilities in the funds. Additional payables consisting of accrued interest relating to long-term liabilities consisted of: | (476,340) |
|--|-----------|

| | | |
|---|---|----------------------------------|
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of: | | |
| | Bonds Payable | (30,390,000) |
| | Note Payable | (177,568) |
| | Other Postemployment Benefits | (98,155,467) |
| | Workers' Compensation Liabilities | (2,349,244) |
| | Compensated Absences Payable | (5,151,497) |
| | Net Pension Liability - Proportionate Share (ERS) | <u>(2,055,850)</u> (138,279,626) |

| | |
|--|-------------|
| Deferred inflows of resources - gain on defeasance on the advance refunding. The Statement of Net Position will amortize the gain on the defeasance on the advance refunding over the life of the bond. Governmental funds recorded the gain on defeasance on the advance refunding as a revenue in the year of refunding. | (1,239,649) |
|--|-------------|

| | |
|--|---------------------|
| Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. Deferred inflows related to pensions that will be recognized as a reduction in pension expense in future periods amounted to | <u>(50,928,841)</u> |
|--|---------------------|

| | |
|--------------------|----------------------|
| Total Net Position | \$ <u>36,777,974</u> |
|--------------------|----------------------|

The Accompanying Notes are an Integral Part of These Financial Statements.

SYOSSET CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

| | General | School Lunch | Special Aid | Debt Service | Capital | Total |
|---|----------------------|-------------------|------------------|--------------------|-------------------|----------------------|
| Revenues | | | | | | |
| Real Property Taxes | \$ 178,095,837 | \$ | \$ | \$ | \$ | \$ 178,095,837 |
| Other Real Property Tax Items | 15,365,680 | | | | | 15,365,680 |
| Charges for Services | 564,663 | | | | | 564,663 |
| Use of Money and Property | 165,568 | 1,046 | | 86 | | 166,700 |
| Sale of Property and Compensation for Loss | 77,602 | | | | | 77,602 |
| Forfeitures | 375 | | | | | 375 |
| Miscellaneous | 951,468 | 476 | | | | 951,944 |
| State Aid | 11,872,393 | 12,429 | 970,979 | | | 12,855,801 |
| Federal Aid | 63,768 | 211,554 | 1,756,741 | | | 2,032,063 |
| Other Governmental Sources | | | | 952,181 | | 952,181 |
| School Lunch Sales | | 1,480,437 | | | | 1,480,437 |
| Total Revenues | <u>207,157,354</u> | <u>1,705,942</u> | <u>2,727,720</u> | <u>952,267</u> | | <u>212,543,283</u> |
| Expenditures | | | | | | |
| General Support | 20,420,331 | | | | | 20,420,331 |
| Instruction | 117,928,760 | | 3,086,793 | | | 121,015,553 |
| Pupil Transportation | 9,142,375 | | | | | 9,142,375 |
| Community Service | 262,109 | | | | | 262,109 |
| Food Service Program | | 1,658,401 | | | | 1,658,401 |
| Employee Benefits | 53,221,709 | | | | | 53,221,709 |
| Capital Outlay | | | | | 5,383 | 5,383 |
| Debt Service - Principal | | | | 3,385,000 | | 3,385,000 |
| Debt Service - Interest | 158,667 | | | 1,377,181 | | 1,535,848 |
| Total Expenditures | <u>201,133,951</u> | <u>1,658,401</u> | <u>3,086,793</u> | <u>4,762,181</u> | <u>5,383</u> | <u>210,646,709</u> |
| Excess (Deficit) Revenues Over Expenditures | <u>6,023,403</u> | <u>47,541</u> | <u>(359,073)</u> | <u>(3,809,914)</u> | <u>(5,383)</u> | <u>1,896,574</u> |
| Other Financing Sources (Uses) | | | | | | |
| Proceeds of Advance Refunding Bond | | | | 1,583,197 | | 1,583,197 |
| Payment to Escrow Agent | | | | (1,509,469) | | (1,509,469) |
| Bond Issuance Costs | | | | (73,728) | | (73,728) |
| Premium on Obligations | 139,440 | | | | | 139,440 |
| Transfers from Other Funds | 22,299 | | 359,073 | 3,810,000 | | 4,191,372 |
| Transfers to Other Funds | (4,169,073) | | | | (22,299) | (4,191,372) |
| Total Other Financing Sources (Uses) | <u>(4,007,334)</u> | | <u>359,073</u> | <u>3,810,000</u> | <u>(22,299)</u> | <u>139,440</u> |
| Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses) | <u>2,016,069</u> | <u>47,541</u> | | <u>86</u> | <u>(27,682)</u> | <u>2,036,014</u> |
| Fund Balance, Beginning of Year | <u>50,066,218</u> | <u>755,210</u> | | <u>21,389</u> | <u>233,661</u> | <u>51,076,478</u> |
| Fund Balance, End of Year | <u>\$ 52,082,287</u> | <u>\$ 802,751</u> | <u>\$</u> | <u>\$ 21,475</u> | <u>\$ 205,979</u> | <u>\$ 53,112,492</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

SYOSSET CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

| | | |
|--|----|-----------|
| Net Changes in Fund Balance - Total Governmental Funds | \$ | 2,036,014 |
|--|----|-----------|

Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation and loss on disposal exceeded capital outlays in the period.

| | | | |
|---|----------------|--|-------------|
| Depreciation Expense and Loss on Disposal | (3,238,309) | | |
| Capital Outlays | <u>880,073</u> | | (2,358,236) |

Notes payable and bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of repayments during the period.

| | | | |
|---------------------------|------------------|--|-----------|
| Repayment of Note Payable | 97,415 | | |
| Repayment Bond Principal | <u>3,385,000</u> | | 3,482,415 |

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.

| | | | |
|---|--------------|--|--------------|
| Amortization of Deferred Inflows from Advance Refunding of Debt | 154,035 | | |
| Bond Issuance Costs | (73,728) | | |
| Change in Accrued Interest on Serial Bonds | 27,322 | | |
| Change in Other Postemployment Benefits | (14,342,619) | | |
| Change in Workers Compensation Liability | (15,545) | | |
| Change in Compensated Absences | <u>7,059</u> | | (14,243,476) |

Increases/decreases in the proportionate share of net pension asset/liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

| | | | |
|------------------------------|------------------|--|-------------------|
| Teachers' Retirement System | 20,281,185 | | |
| Employees' Retirement System | <u>1,709,057</u> | | <u>21,990,242</u> |

| | | |
|--|----|--------------------------|
| Change in Net Position Governmental Activities | \$ | <u><u>10,906,959</u></u> |
|--|----|--------------------------|

SYOSSET CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2015

| | Private Purpose Trusts | Agency |
|----------------------------------|----------------------------------|---------------------------------|
| | <u> </u> | <u> </u> |
| Assets | | |
| Cash and Cash Equivalents | \$ 11,555 | \$ 1,521,169 |
| Receivables | | <u> 121</u> |
| Total Assets | <u><u>\$ 11,555</u></u> | <u><u>\$ 1,521,290</u></u> |
| Liabilities | | |
| Accrued Liabilities | | \$ 570,649 |
| Due to Other Funds | | 59,516 |
| Agency Liabilities | | 570,820 |
| Extraclassroom Activity Balances | | <u>320,305</u> |
| Total Liabilities | | <u><u>\$ 1,521,290</u></u> |
| Net Position | | |
| Restricted for Scholarships | <u>\$ 11,555</u> | |
| Total Net Position | <u><u>\$ 11,555</u></u> | |

The Accompanying Notes are an Integral Part of These Financial Statements.

SYOSSET CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2015

| | Private Purpose Trusts |
|--|---------------------------|
| Additions | |
| Investment Income | \$ 11 |
| Gifts and Contributions | |
| Total Additions | <u>11</u> |
| Deductions | |
| Scholarships and Awards | <u>1,750</u> |
| Change in Net Position | (1,739) |
| Net Position, Beginning of Year | <u>13,294</u> |
| Net Position, End of Year | <u><u>\$ 11,555</u></u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

**SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Syosset Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as they apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the District are described below:

Reporting Entity

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education consisting of nine 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 School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying basic financial statements present the activities of the School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School 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 School District's reporting entity.

(a) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be located at the School District's Business office. The School District accounts for assets held as an agent for various student organizations in an agency fund.

Joint Venture

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

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

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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

Basis of Presentation

(a) District-Wide Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, such as 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.

(b) Fund Financial Statements

The fund statements provide information about the School 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. All funds of the School District are displayed as major funds. The School District reports the following governmental funds:

General Fund: This is the School District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

Special Revenue Funds:

Special Aid Fund: This fund accounts for and reports the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

School Lunch Fund: This fund is used to account for and report transactions of the School District's lunch and breakfast programs.

Debt Service Fund: This fund accounts for and reports financial resources that are restricted to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated.

Capital Projects Fund: This fund is used to account for and report financial resources that are restricted or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

(c) Fiduciary Funds

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

Private Purpose Trust Funds: These funds are used to account for and report 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 School District or representatives of the donors may serve on committees to determine who benefits.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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

Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the School 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 School 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.

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, other postemployment benefit obligations, net pension asset/liability, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

Cash and Cash Equivalents

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Property Taxes

Real property taxes are levied annually by the Board of Education and become a lien on September 1. Taxes are collected during the period October 1 to April 1. The County of Nassau subsequently enforces uncollected real property taxes. The County subsequently pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the School District.

Receivables

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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

Interfund Transactions

The operations of the School District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The School District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note 9 to the financial statements.

Inventories and Prepaid Items

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. A reserve for inventory has been recognized to indicate that this does not constitute available spendable resources.

Purchases of inventory 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 School 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.

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2003. For assets acquired prior to July 1, 2003, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received. The School District uses capitalization thresholds of \$1,000 for machinery, equipment, and vehicles (\$500 for Technology) and \$20,000 for land and building improvements. Depreciation methods and estimated useful lives of capital assets reported in the district-wide statements are as follows:

| | <u>Lives</u> | <u>Method</u> |
|------------------------------------|--------------|---------------|
| Furniture, Equipment, and Vehicles | 5-15 Years | Straight Line |
| Buildings and Improvements | 50 Years | Straight Line |
| Land Improvements | 20 Years | Straight Line |

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has one item that qualifies for reporting in this category. This amount is related to pensions reported in the District-Wide Statement of Net Position. This represents the difference between expected and actual experience (ERS), the net difference between projected and actual investment earnings on pension plan investments (ERS), changes in proportion and differences between contributions and proportionate share of contributions (ERS and TRS) and the School District's contributions to the pension systems (TRS and ERS systems) subsequent to the measurement date.

Deferred 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 School District has two items that qualify for reporting in this category. First is the deferred amount on refunding reported in the Government-Wide

**SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

Statement of Net Position. This deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the District-Wide Statement of Net Position. This represents the difference between expected and actual experience, projected and actual earnings on pension plan investments, and changes in proportion (TRS System).

Vested Employee Benefits - Compensated Absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB, an accrual for accumulated sick leave and earned vacation is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates and contractual calculations in effect at year end.

In the fund statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources.

Other Benefits

Eligible School District employees participate in the New York State Teachers' Retirement System or the New York State Employees' Retirement System.

In addition to providing pension benefits, the School District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if School District employees are eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits for retired employees is contractually determined. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 13).

Short-Term Debt

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

The School District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or not provisions made in the annual budget. The budget must not be repaid any later than the close of the second fiscal year succeeding the year in which the note was issued.

The School 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 fund that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

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 fund 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.

**SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

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.

Restricted Resources

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

Equity Classifications

(a) District-wide Financial Statements

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

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

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

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

(b) Fund Statements

The School District follows GASB's authoritative guidance under GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The following classifications describe the relative strength of the spending constraints:

Non-spendable

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of the inventories in the school lunch fund.

Restricted Resources

This category 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. Generally, the School District's policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted net assets are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements.

The School District has established the following restricted fund balances:

- ***Reserve for Workers' Compensation*** - This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program. Within 60 days after the end of any fiscal year, excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund.
- ***Unemployment Insurance Reserve*** - According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess

**SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund.

- ***Reserve for Employee Benefits Accrued Liability*** - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund.
- ***Retirement Contribution Reserve*** - According to General Municipal Law §6-r, 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. This reserve is accounted for in the general fund.
- ***Insurance Reserve*** - Insurance reserve (GML §6-n) is 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 of 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. The reserve is accounted for in the general fund.
- ***Capital Reserve for Repairs*** - According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. 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.
- ***Reserve for Repairs*** - This reserve is used to accumulate funds through voter approval to finance future costs of major repairs to capital improvements or equipment. Expenditures from this reserve may be made only after a public hearing has been held. In an emergency, expenditures may be made from the reserve fund without a public hearing with approval of two-thirds of the Board of Education. The emergency expenditure must be repaid within the next two succeeding fiscal years. The reserve is accounted for in the general fund.
- ***Debt Service*** - Used to account for the accumulation of resources and that are restricted to pay debt service. The fund includes all unused debt proceeds and interest and earnings on temporary investment of debt proceeds. This reserve is accounted for in the debt service fund.
- ***Capital Projects*** - Used to account for the financial resources that are restricted by voter approved propositions for acquisition, construction or major repair of capital facilities. This reserve is accounted for in the capital fund.
- ***Reserve for Endowments and Scholarships*** - This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the fiduciary fund.

Unrestricted Resources

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School District has provided otherwise in its commitment or assignment actions.

- ***Committed*** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2015.
- ***Assigned*** - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official such as the School District's purchasing agent to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than the capital projects fund, are classified as assigned fund

**SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

balance. The amount appropriated for the subsequent year's budget of the general fund is also classified as assigned fund balance in the general fund.

- **Unassigned** – Includes all other fund net assets that do not meet the definition of the above classifications and are deemed to be available for general use by the School District. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

(c) Order of Use of Fund Balance

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the School District and then determine the order of application of expenditures to which the fund balance classification will be charged.

New Accounting Standards

The District has adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2015:

Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.*

Future Changes in Accounting Standards

GASB has issued Statement No. 72, *Fair Value Measurement and Application* effective for the year ending June 30, 2016.

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 Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

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

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

Change in Accounting Principles

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – Amendments to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of the Statements requires the District to report as an asset and/or liability, its portion of the collective net pension asset and liability in the New York State Teachers' and Employees' Retirement Systems. The implementation of the statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow is the District contributions to the pension systems subsequent to the measurement date. See Note 12 for the financial statement impact of implementation of the Statements.

2. 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 resource management focus of the Statement of Activities, compared with the current financial resource management focus of the governmental funds.

**SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

Total Fund Balances of Governmental Funds Compared To Net Position of Governmental Activities

Total fund balances of the School District's governmental funds differs 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 Sheet.

Statement of Revenues, Expenditures, and Changes In Fund Balance Compared To Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories.

(a) Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

(b) 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.

(c) 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.

(d) Employee Benefit Allocation

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balance. These costs have been allocated based on total salary for each function in the Statement of Activities.

(e) Pension Difference

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

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Fund Balance Limitations

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. At June 30, 2015, the District's unexpended surplus funds were 4.00% of the 2015-16 budget, which is in compliance with the statute.

Budgetary Procedures and Budgetary Accounting

The School District administration prepares a proposed budget for approval by the Board of Education for the general fund for which legal (appropriated) budgets are adopted:

**SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

Appropriations are adopted at the program line item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which were not determined at the time the budget was adopted. During the year ended June 30, 2015, the District did not have any supplemental appropriation.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The budget and actual comparison for the Special Revenue Funds (if any) reflects budgeted and actual amounts only for funds with legally authorized (appropriated) budgets.

Capital projects have maximum project cost allowances, expenditures, and funding sources in accordance with General Municipal Law. The budgets for capital projects do not lapse and are therefore carried over from year to year until completion of the project.

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.

4. CUSTODIAL AND CONCENTRATION OF CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes.

At June 30, 2015, the School District's bank balances of \$78,148,610 were fully collateralized by federal depository insurance and securities held by an agent of the pledging financial institution in the School District's name and not exposed to custodial credit risk.

5. RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash of \$39,658,545 in the general fund represent amounts in the following reserves: \$2,530,364 for Worker's Compensation, \$1,773,978 for Unemployment Insurance, \$3,814,170 for the Employee Benefit Accrued Liability Reserve, \$20,941,455 for Retirement Contribution Reserve, \$1,295,737 for Insurance Reserve, \$9,134,490 for Capital Reserve and \$168,351 for Repair Reserve. Restricted cash in the debt service fund of \$21,475 represents reserves for future debt service. Restricted cash of \$206,004 in the capital fund represents amounts restricted for future capital projects expenditures.

6. PARTICIPATION IN BOCES

During the year, the School District was billed \$5,789,422 for BOCES' administrative and program costs. Financial statements for the BOCES are available from the Nassau County BOCES' administrative office at 71 Clinton Road, Garden City, New York, 11530.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

7. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2015, consisted of:

| | |
|--|---------------------|
| General Fund | |
| New York State – General Aid and Excess Cost Aid | \$ 710,310 |
| BOCES Aid | 896,824 |
| PILOT Payments | 55,520 |
| Medicaid | 10,085 |
| Restored Taxes | <u>51,664</u> |
| Total General Fund | <u>1,724,403</u> |
| Special Aid Fund | |
| Federal and State Grants | <u>1,469,264</u> |
| School Lunch Fund | |
| Federal and State School Lunch Reimbursements | <u>13,587</u> |
| Total | <u>\$ 3,207,254</u> |

8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|-----------------------|-----------------|----------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 1,254,281 | \$ | \$ | \$ 1,254,281 |
| Total | <u>1,254,281</u> | <u></u> | <u></u> | <u>1,254,281</u> |
| Capital Assets Being Depreciated | | | | |
| Buildings and Improvements | 128,913,878 | 0 | | 128,913,878 |
| Land Improvements | 3,516,170 | 0 | | 3,516,170 |
| Furniture, Equipment and Vehicles | <u>7,810,333</u> | <u>880,073</u> | <u>636,349</u> | <u>8,054,057</u> |
| Total | <u>140,240,381</u> | <u>880,073</u> | <u>636,349</u> | <u>140,484,105</u> |
| Accumulated Depreciation | | | | |
| Buildings and Improvements | 49,705,260 | 2,485,586 | | 52,190,846 |
| Land Improvements | 2,770,975 | 158,371 | | 2,929,346 |
| Furniture, Equipment and Vehicles | <u>5,564,543</u> | <u>585,054</u> | <u>627,051</u> | <u>5,522,546</u> |
| Total | <u>58,040,778</u> | <u>3,229,011</u> | <u>627,051</u> | <u>60,642,738</u> |
| Net Capital Assets Being Depreciated | <u>82,199,603</u> | <u>(2,348,938)</u> | <u>9,298</u> | <u>79,841,367</u> |
| Net Capital Assets | <u>\$ 83,453,884</u> | <u>\$ (2,348,938)</u> | <u>\$ 9,298</u> | <u>\$ 81,095,648</u> |

Depreciation expense of \$3,229,011 and loss on disposal of \$9,298 is allocated to the following functions/programs:

| | |
|----------------------|---------------------|
| General Support | \$ 87,177 |
| Instruction | 3,137,019 |
| Food Service Program | <u>14,113</u> |
| Total Depreciation | <u>\$ 3,238,309</u> |

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

9. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

| Fund | Interfund | | Interfund | |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| | Receivables | Payables | Revenues | Expenditures |
| General | \$ 1,687,580 | \$ | \$ 22,299 | \$ 4,169,073 |
| School Lunch | | 236,024 | | |
| Special Aid | | 1,392,015 | 359,073 | |
| Debt Service | | | 3,810,000 | |
| Capital Projects | | 25 | | 22,299 |
| Trust and Agency | | 59,516 | | |
| Total Government Activities | <u>\$ 1,687,580</u> | <u>\$ 1,687,580</u> | <u>\$ 4,191,372</u> | <u>\$ 4,191,372</u> |

- The School District made a transfer of \$359,073 from the general fund to the special aid fund, as a required local match for Federal and State grants.
- The School District made an annual transfer of \$3,810,000 from the general fund to the debt service fund for required annual debt service expenditures.
- The School District transferred \$22,299 of unused funds from the capital projects fund to the general fund
- Interfund receivables and payables are typically liquidated within 1 year.

10. SHORT-TERM DEBT

The changes in short-term debt during the year are as follows:

| | Maturity Date | Interest Rate | Beginning Balance | Issued | Redeemed | Ending Balance |
|-----|------------------|------------------|----------------------|---------------|---------------|-------------------|
| TAN | 06/25/15 | 1.00% | \$ | \$ 21,000,000 | \$ 21,000,000 | \$ |

Interest on short-term debt during the year was \$158,667. The School District also recorded a premium of \$139,440 on this debt, which resulted in the School District recognizing a net interest cost of \$19,227 for the year ended June 30, 2015.

11. LONG-TERM LIABILITIES

Long-term liability balances and activity are as follows:

| Description | Beginning Balance | Additions | Deductions | Ending Balance | Amounts Due Within One Year |
|--|-----------------------|----------------------|----------------------|-----------------------|-----------------------------------|
| Bonds Payable | | | | | |
| Serial Bonds | \$ 33,775,000 | \$ 1,475,000 | \$ 4,860,000 | \$ 30,390,000 | \$ 3,485,000 |
| Other Liabilities | | | | | |
| Note Payable - Equipment | 274,983 | | 97,415 | 177,568 | 97,315 |
| Other Postemployment Benefits | 83,812,848 | 21,782,136 | 7,439,517 | 98,155,467 | |
| Workers Compensation | 2,333,699 | 15,545 | | 2,349,244 | |
| Compensated Absences | 5,158,556 | | 7,059 | 5,151,497 | |
| Net Pension Liability - Proportionate Share* | 2,749,978 | | 694,128 | 2,055,850 | |
| Total Long Term Liabilities | <u>\$ 128,105,064</u> | <u>\$ 23,272,681</u> | <u>\$ 13,098,119</u> | <u>\$ 138,279,626</u> | <u>\$ 3,582,315</u> |

*restated

The School District borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy 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 for governmental funds are maintained separately and represent a reconciling item between the fund and District-wide statements. Interest associated with long-term

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

debt is recorded as an expenditure when such amounts are due. Details relating to general obligation (serial) bonds and notes payable of the School District outstanding at June 30, 2015, are summarized as follows:

| <u>Payable From/Description</u> | <u>Original Issue</u> | <u>Amount</u> | <u>Final Maturity</u> | <u>Interest Rate (%)</u> | <u>Outstanding Amount</u> |
|---------------------------------|---------------------------|---------------|---------------------------|------------------------------|-------------------------------|
| General Fund | | | | | |
| Note Payable - Equipment | 01/12 | \$ 246,771 | 2017 | 0.0 | \$ 177,568 |
| Serial Bond | 09/04 | \$ 5,845,000 | 2017 | 2.0-4.0 | 1,330,000 |
| Serial Bond | 07/01 | \$ 8,000,000 | 2022 | 4.0-5.0 | 70,000 |
| Serial Bond | 07/02 | \$ 10,500,000 | 2022 | 4.1-5.0 | 135,000 |
| Serial Bond (Refunded) | 12/05 | \$ 1,475,000 | 2027 | 2.0-5.0 | 1,475,000 |
| Serial Bond | 07/06 | \$ 2,200,000 | 2016 | 4.5-4.8 | 100,000 |
| Serial Bond | 05/07 | \$ 12,135,000 | 2022 | 4.3-5.0 | 8,670,000 |
| Serial Bond (Refunded) | 10/13 | \$ 8,035,000 | 2026 | 2.0-5.0 | 7,945,000 |
| Serial Bond (Refunded) | 10/13 | \$ 11,515,000 | 2026 | 2.0-5.0 | 10,665,000 |
| Total | | | | | <u>\$ 30,567,568</u> |

Principal and interest payments due on serial bonds debt is as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|----------------------|---------------------|----------------------|
| 2016 | \$ 3,485,000 | \$ 1,208,888 | \$ 4,693,888 |
| 2017 | 3,605,000 | 1,088,413 | 4,693,413 |
| 2018 | 3,050,000 | 959,550 | 4,009,550 |
| 2019 | 3,185,000 | 828,824 | 4,013,824 |
| 2020 | 3,335,000 | 688,893 | 4,023,893 |
| 2021-2025 | 12,115,000 | 1,502,744 | 13,617,744 |
| 2026-2027 | <u>1,615,000</u> | <u>47,150</u> | <u>1,662,150</u> |
| Total | <u>\$ 30,390,000</u> | <u>\$ 6,324,462</u> | <u>\$ 36,714,462</u> |

Principal and interest payments due on the note payable are as follows:

| <u>For the Year Ending June 30,</u> | <u>Note Payable - Equipment</u> | | |
|---|---------------------------------|-------------------|-------------------|
| | <u>Principal</u> | <u>Interest *</u> | <u>Total</u> |
| 2016 | \$ 97,315 | \$ | \$ 97,315 |
| 2017 | 72,336 | | 72,336 |
| 2018 | <u>7,917</u> | | <u>7,917</u> |
| Total | <u>\$ 177,568</u> | <u>\$</u> | <u>\$ 177,568</u> |

* Purchased through a NYS Contract at zero percent interest

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

| | |
|---|---------------------|
| Interest Paid | \$ 1,377,181 |
| Less: Interest Accrued in the Prior Year | (503,662) |
| Less: Amortization of Advance Refunding Premium | (154,035) |
| Plus: Interest Accrued in the Current Year | <u>476,340</u> |
| Total Interest Expense on Long-Term Debt | <u>\$ 1,195,824</u> |

Advance Refunding of Debt

On May 21, 2015, the District issued \$1,475,000 in general obligation bonds with an average interest rate of 2.00 to 5.00% to advance refund \$1,475,000 of outstanding serial bonds with an average interest rate of 4.50-4.75%. The net proceeds of

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

\$1,509,469 (after payments of \$69,904 for underwriting fees, insurance, and other issuance costs) were used to purchase United States government securities. Those securities 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 bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements. The economic gain (loss) on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately \$159,928. At June 30, 2015, \$1,475,000 of defeased bonds were still outstanding. These defeased bonds were called on July 15, 2015.

The combined premium of \$1,540,346 received on the 2014 and 2015 advance refunding are being amortized on the District-wide financial statements using the straight-line method over 10 years, the average remaining time to maturity of the refunded bonds. The current-year amortization is \$154,036 and is included as a reduction to interest expense on the government-wide financial statements. The unamortized balance of \$1,239,649 is presented as a deferred inflow on the Statement of Net Position

Debt Limit

Pursuant to the Local Finance Law, the School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions such as State aid for building purposes. The Constitutional and statutory method for determining full valuation consist of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority. At June 30, 2015 the School District was in compliance with its statutory debt limit.

12. PENSION PLANS

A. New York State and Local Employees' Retirement System (ERS)

(a) Plan Description

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The 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. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). 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 School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

(b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 are required to contribute 3% of their annual salary for their entire working career. Under the authority of the NYSRSSL, 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. All required contributions for the NYSERS fiscal year ended March 31, 2015, were paid. The required contributions for the current year and two preceding years were:

| | <u>Amount</u> |
|------|---------------|
| 2015 | \$ 3,863,204 |
| 2014 | \$ 3,635,039 |
| 2013 | \$ 3,239,514 |

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

(c) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows/ Inflows of Resources Related to Pensions

At June 30, 2015, the School District reported a liability of \$2,055,850 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in reports provided to the District.

At June 30, 2015, the School District's proportion was .0608556 percent.

For the year ended June 30, 2015, the School District recognized pension expense of \$2,030,736. At June 30, 2015, the School District reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources |
|--|-----------------------------------|
| Differences between expected and actual experience | \$ 65,810 |
| Change of Assumptions | |
| Net difference between projected and actual earnings on Pensions plan investments | 357,075 |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | 680,690 |
| District's contributions subsequent to the measurement date | 1,074,459 |
| Total | <u>\$ 2,178,034</u> |

Amounts reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Plan year ended</u> | |
|------------------------|------------|
| 2016 | \$ 275,893 |
| 2017 | \$ 275,894 |
| 2018 | \$ 275,894 |
| 2019 | \$ 275,894 |

(d) Actuarial Assumptions

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

| | |
|--------------------------|--------------------------------|
| Measurement date | March 31, 2015 |
| Actuarial valuation date | April 1, 2014 |
| Interest Rate | 7.5% |
| Salary scale | 4.90% |
| Decrement tables | April 1, 2005 - March 31, 2010 |
| | System's Experience |
| Inflation rate | 2.7% |

Annuitant mortality rates are based on April 1, 2005 - March 31, 2010 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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 equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------|-------------------|--|
| Domestic equity | 38.0% | 7.30% |
| International equity | 13.0% | 8.55% |
| Private equity | 10.0% | 11.00% |
| Real estate | 8.0% | 8.25% |
| Absolute return strategies | 3.0% | 6.75% |
| Opportunistic portfolio | 3.0% | 8.60% |
| Real assets | 3.0% | 8.65% |
| Bonds and mortgages | 18.0% | 4.00% |
| Cash | 2.0% | 2.25% |
| Inflation-indexed bonds | 2.0% | 4.00% |

(e) Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. 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.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5percent) or 1-percentage-point higher (8.5 percent) than the current rate:

| | 1% Decrease (6.5%) | Current Assumption (7.5%) | 1% Increase (8.5%) |
|---|-----------------------|------------------------------|-----------------------|
| Districts's proportionate share of the net pension (liability) assets | \$ 13,703,128 | \$ 2,055,850 | \$ (7,777,341) |

(g) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (expressed in thousands) of the employers as of the April 1, 2014 valuation date is as follows:

| | |
|--|-----------------------|
| Employers' total pension liability | \$ (164,591,504) |
| Plan fiduciary net position | <u>161,213,259</u> |
| Employers' net pension asset liability | <u>\$ (3,378,245)</u> |

| | |
|---|--------|
| Ratio of plan fiduciary net position to the Employers' total pension asset liability | 97.95% |
|---|--------|

**SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

(h) Payables to the Pension Plan

The employer contributions for the fiscal year ended June 30, 2015 are paid annually to the System based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2015 represent the projected employer contribution for the period April 1, 2015 through June 30, 2015 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2015 amounted to \$1,074,459.

B. New York State Teachers' Retirement System (TRS)

(a) Plan Description

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org.

(b) Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity. The required employer contributions for the current year and two preceding years were:

| | <u>Amount</u> |
|------|---------------|
| 2015 | \$ 17,352,729 |
| 2014 | \$ 15,936,073 |
| 2013 | \$ 10,987,130 |

(c) Pension Asset, Liabilities, Pension Expense, and Deferred Outflows/ Inflows of Resources Related to Pensions

At June 30, 2015, the School District reported an asset of \$73,954,151 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2013. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2014, the School District's proportion was 0.663898 percent, which was an increase of .03038 percent from its proportion measured as June 30, 2013.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

For the year ended June 30, 2015, the School District recognized pension expense (credit) of \$(2,919,026). At June 30, 2015, the School 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 |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ | \$ 1,081,444 |
| Change of Assumptions | | |
| Net difference between projected and actual earnings on Pensions plan investments | | 49,668,250 |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | | 179,147 |
| District's contributions subsequent to the measurement date | 17,362,105 | |
| Total | <u>\$ 17,362,105</u> | <u>\$ 50,928,841</u> |

Amounts reported as deferred outflows/inflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Plan year ended</u> | |
|------------------------|-----------------|
| 2015 | \$ (12,563,643) |
| 2016 | \$ (12,563,643) |
| 2017 | \$ (12,563,643) |
| 2018 | \$ (12,563,643) |
| 2019 | \$ (146,580) |
| Thereafter | \$ (527,689) |

(d) Actuarial Assumptions

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

| | |
|--------------------------|------------------------------|
| Measurement date | June 30, 2014 |
| Actuarial valuation date | June 30, 2013 |
| Interest Rate | 8.0% |
| Salary scale | 4.01% - 10.91% |
| Decrement tables | July 1, 2005 - June 30, 2010 |
| | System's Experience |
| Inflation rate | 3.0% |

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.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to 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.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2013 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------------|-------------------|--|
| Domestic equity | 37.0% | 7.3% |
| International equity | 18.0% | 8.5% |
| Real estate | 10.0% | 5.0% |
| Alternative investments | 7.0% | 11.0% |
| Domestic fixed income securities | 18.0% | 1.5% |
| Global fixed income securities | 2.0% | 1.4% |
| Mortgages | 8.0% | 3.4% |
| Short-term | 0.0% | 0.8% |

(e) Discount Rate

The projection of cash flows used to determine the discount rate of 8.0% assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those 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.

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

The following presents School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 8.0 percent, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

| | 1% Decrease (7.0%) | Current Assumption (8.0%) | 1% Increase (9.0%) |
|---|-----------------------|------------------------------|-----------------------|
| Proportionate share of the District's net pension (asset) | \$ (1,595,295) | \$ (73,954,151) | \$ (135,613,947) |

(g) Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (expressed in thousands) of the employers as of the June 30, 2015 valuation date is as follows:

| | |
|---|----------------------|
| Employers' total pension liability | \$ (97,015,706) |
| Plan fiduciary net position | <u>108,155,083</u> |
| Employers' net pension asset | <u>\$ 11,139,377</u> |
| Ratio of plan fiduciary net position to the Employers' total pension (asset) | 111.48% |

(h) Payables to the Pension Plan

The employer contributions for the fiscal year ended June 30, 2015 are paid annually to the System in September, October and November through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2015 represent the projected employer contribution for the fiscal year June 30, 2015 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2015 amounted to \$17,876,611.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

13. OTHER POSTEMPLOYMENT BENEFITS

(a) *Plan Descriptions*

The School District provides medical, dental and life insurance to retirees and their covered dependents. The School District pays a portion of the cost for eligible retirees, covered spouses, and dependents. Currently there are approximately 1,688 current and former employees participating in the School District's Other Postemployment Benefits (OPEB) plan. The benefits provided to employees upon retirement are based upon provisions in various contracts that the District has in place with different classifications of employees. All active employees who retire or are disabled directly from the School District and meet eligibility criteria can participate.

The Plan does not issue a stand alone publicly available report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

(b) *Funding Policy*

For the School District's OPEB Plan, contribution requirements of the plan members and the School District are established by the Board of Education. The District's annual OPEB cost (expense) for each plan is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The School District currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The following tables show the components of the School District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the School District's net OPEB obligation.

(c) *Annual Required Contribution*

| | For the Year Ended June 30, 2015 |
|--|-------------------------------------|
| Normal Cost | \$ 9,399,607 |
| Amortization of Unfunded Actuarial Liability | 13,237,754 |
| Interest to Year End | 452,747 |
| Annual Required Contribution (ARC) | <u>\$ 23,090,108</u> |

(d) *Annual OPEB Cost and Net*

| | For the Year Ended June 30, 2015 |
|---|-------------------------------------|
| Annual Required Contribution | \$ 23,090,108 |
| Interest on Net OPEB Obligation | 3,352,514 |
| Adjustment to ARC | <u>(4,660,486)</u> |
| Annual Net OPEB Cost (Expense) | 21,782,136 |
| Expected Premiums Made During the Fiscal Year | <u>(7,439,517)</u> |
| Increase in Net OPEB Obligation | 14,342,619 |
| Net OPEB Obligation at July 1, 2014 | 83,812,848 |
| Net OPEB Obligation at June 30, 2015 | <u>\$ 98,155,467</u> |
| Percentage of Expense Contributed | 34.2% |

(e) *Trend Information*

| Fiscal Year Ending Ending | Annual Net OPEB Cost | OPEB Expense Contributed | % of Expense Contributed | Net OPEB Obligation |
|------------------------------|----------------------------|-----------------------------|-----------------------------|------------------------|
| June 30, 2013 | \$ 17,981,123 | \$ 6,424,429 | 35.7% | \$ 71,943,007 |
| June 30, 2014 | \$ 18,164,594 | \$ 6,294,753 | 34.7% | \$ 83,812,848 |
| June 30, 2015 | \$ 21,782,136 | \$ 7,439,517 | 34.2% | \$ 98,155,467 |

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

(f) Funded Status

| | For the Year Ended June 30, 2015 |
|--|-------------------------------------|
| Actuarial Accrued Liability (AAL) July 1, 2014 | \$ 238,063,992 |
| Actuarial Value of Plan Assets | |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>\$ 238,063,992</u> |
| Covered Payroll | \$ 106,013,592 |
| UAAL as a Percentage of Covered Payroll | 224.6% |

(g) Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. For this reason, the results in this report should be viewed as estimates. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The projections of benefits are based on the types of benefits provided under the substantive plan at the time of the valuation date and on the pattern of cost-sharing between the employer and Plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and Plan members in the future. 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.

Significant methods and assumptions used are as follows:

| | |
|--|----------------------------|
| Actuarial Valuation Date | July 1, 2014 |
| Amortization Method | Level Dollar |
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Period | Single Amortization Period |
| Amortization Period (Years) | 30 |
| Remaining Amortization Period | 23 |
| Amortization Discount | 4.0% |
| Projected Salary Increase | N/A |
| Health Care Inflation Rate | 9.0% to 5.00% |
| Fiscal Year That Rate Reaches Ultimate Trend Rate | 2022 |
| Method Used to Determine Actuarial Value of Assets | N/A |

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

14. FUND BALANCE

(a) The following is the disaggregation of the fund balance reported in summary on the governmental fund's Balance Sheet:

| | General | School Lunch | Debt Service | Capital Projects | Total |
|---|----------------------|-------------------|------------------|-------------------|----------------------|
| Nonspendable | \$ | \$ 540 | \$ | \$ | \$ 540 |
| Restricted | | | | | |
| Workers' Compensation | 2,530,364 | | | | 2,530,364 |
| Unemployment Insurance | 1,773,978 | | | | 1,773,978 |
| Employee Benefit Accrued Liability | 3,814,170 | | | | 3,814,170 |
| Retirement Contribution | 20,941,455 | | | | 20,941,455 |
| Insurance | 1,295,737 | | | | 1,295,737 |
| Capital Reserve | 9,134,490 | | | | 9,134,490 |
| Repairs | 168,351 | | | | 168,351 |
| Debt Service-Principal and Interest | | | 21,475 | | 21,475 |
| Capital Projects | | | | 205,979 | 205,979 |
| Total Restricted | <u>39,658,545</u> | | <u>21,475</u> | <u>205,979</u> | <u>39,885,999</u> |
| Assigned | | | | | |
| Food Service Program | | 802,211 | | | 802,211 |
| Encumbrances | 1,330,997 | | | | 1,330,997 |
| Appropriated for Subsequent Year's Budget | 2,469,325 | | | | 2,469,325 |
| Total Assigned | <u>3,800,322</u> | <u>802,211</u> | | | <u>4,602,533</u> |
| Unassigned | <u>8,623,420</u> | | | | <u>8,623,420</u> |
| Total Fund Balance | <u>\$ 52,082,287</u> | <u>\$ 802,751</u> | <u>\$ 21,475</u> | <u>\$ 205,979</u> | <u>\$ 53,112,492</u> |

(b) The following is a summary of the change in general fund restricted funds during the year ended June 30, 2015:

| Restricted Fund | Balance at 7/1/2014 | 2015 Activity | | Prior Year Reclassifications | Balance at 6/30/2015 |
|------------------------------------|------------------------|---------------------|-----------------------|---------------------------------|-------------------------|
| | | Additions | Deductions | | |
| Workers Compensation | \$ 3,219,272 | \$ 8,846 | \$ (700,000) | \$ 2,246 | \$ 2,530,364 |
| Unemployment Insurance | 1,619,276 | 4,115 | (64,281) | 214,868 | 1,773,978 |
| Employee Benefit Accrued Liability | 3,903,444 | 10,726 | (100,000) | | 3,814,170 |
| Retirement Contribution | 22,962,296 | 1,536,566 | (3,665,103) | 107,696 | 20,941,455 |
| Insurance | 1,292,187 | 3,550 | | | 1,295,737 |
| Capital Reserve | 4,124,211 | 5,010,279 | | | 9,134,490 |
| Repairs | 168,200 | 151 | | | 168,351 |
| Total | <u>\$ 37,288,886</u> | <u>\$ 6,574,233</u> | <u>\$ (4,529,384)</u> | <u>\$ 324,810</u> | <u>\$ 39,658,545</u> |

The School District recorded additions to its restricted funds which were comprised of Board of Education approved transfers of \$1,473,503 and \$5,000,000 into the Retirement Contribution Reserve and Capital Reserve, respectively. The remaining balance of the additions represents interest earned during the year. The School District recorded deductions to its restricted funds which were comprised of Board of Education approved and expenditures of \$700,000, \$64,281, \$100,000 and \$3,665,103 from the Workers' Compensation Reserve, Unemployment Insurance Reserve, Employee Benefit Accrued Liability Reserve, and Retirement Contribution Reserve, respectively. During the year ended June 30, 2015 the School District discovered it had applied reserve balances in excess of expenditures in prior years from the Workers' Compensation Reserve, Unemployment Insurance Reserve and Retirement Contribution Reserve. As a result it reclassified unassigned fund balance as additions to those reserves.

15. CONTINGENCIES

Risk Financing and Related Insurance

(a) General Information

The Syosset 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.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

(b) Nonpool, Risk Retained

The Syosset Central School District has chosen to establish a self-insured program for risks associated with the School District's workers' compensation. The program is accounted for in the General Fund.

A reserve for workers' compensation which is accounted for as a reserve of the School District's general fund includes provisions for unexpected and unusual claims. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. Claims activity is summarized below:

| | 2015 | 2014 |
|---|---------------------|---------------------|
| Unpaid Claims at Beginning of Year | \$ 2,333,699 | \$ 2,146,641 |
| Incurred Claims and Claim Adjustment Expenses | 587,572 | 627,961 |
| Claim Payments | <u>(572,026)</u> | <u>(440,903)</u> |
| Unpaid Claims at Year End | <u>\$ 2,349,244</u> | <u>\$ 2,333,699</u> |

The School District has also chosen to establish a self-funded dental benefit program for its employees. The benefit programs administrator is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The program is also accounted for in the General Fund of the District.

Potential Grantor Liability

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

The School District is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

16. RESTATEMENT OF NET POSITION:

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

| | |
|--|----------------------|
| Net position beginning of year, as previously stated | <u>\$ 7,351,658</u> |
| GASB Statement No. 68 implementation | |
| Beginning System asset - Teachers' Retirement System | 4,170,157 |
| Beginning System liability - Employees' Retirement System | (2,749,978) |
| Beginning deferred outflow of resources for contributions subsequent to the measurement date | |
| Teachers' Retirement System | 15,936,073 |
| Employees' Retirement System | <u>1,163,105</u> |
| Prior period adjustment | <u>18,519,357</u> |
| Net position beginning of year, as restated | <u>\$ 25,871,015</u> |

17. SUBSEQUENT EVENTS

On September 30, 2015, the School District issued \$24,000,000 in tax anticipation notes bearing effective net interest rate of 0.2853%. The notes mature on June 28, 2016.

SYOSSET CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | | Final Budget Variance With Actual |
|--|-----------------------|-----------------------|----------------------|--------------------------|---|
| Revenues | | | | | |
| Local Sources | | | | | |
| Real Property Taxes | \$ 190,299,054 | \$ 178,072,924 | \$ 178,095,837 | \$ | 22,913 |
| STAR and Other Real Property Tax Items | 3,117,838 | 15,343,968 | 15,365,680 | | 21,712 |
| Charges for Services | 949,598 | 949,598 | 564,663 | | (384,935) |
| Use of Money and Property | 128,000 | 128,000 | 165,568 | | 37,568 |
| Forfeitures | | | 375 | | 375 |
| Sale of Property and Compensation for Loss | 6,000 | 6,000 | 77,602 | | 71,602 |
| Miscellaneous | 226,000 | 226,000 | 951,468 | | 725,468 |
| Interfund Revenues | | | | | |
| State Aid | 11,085,623 | 11,085,623 | 11,872,393 | | 786,770 |
| Federal Aid | | | 63,768 | | 63,768 |
| Total Revenues | <u>205,812,113</u> | <u>205,812,113</u> | <u>207,157,354</u> | | <u>1,345,241</u> |
| Other Financing Sources | | | | | |
| Premium on Obligations | 123,480 | 123,480 | 139,440 | | 15,960 |
| Transfers from Other Funds | | | 22,299 | | 22,299 |
| Appropriated Fund Balance and Reserves | 8,963,206 | 8,963,206 | | | (8,963,206) |
| Total Revenues and Other Financing Sources | <u>\$ 214,898,799</u> | <u>\$ 214,898,799</u> | <u>207,319,093</u> | | <u>\$ (7,579,706)</u> |
| | | | | | |
| | Original Budget | Final Budget | Actual | Year-End Encumbrances | Final Budget Variance With Actual And Encumbrances |
| Expenditures | | | | | |
| General Support | | | | | |
| Board of Education | \$ 112,090 | \$ 116,190 | \$ 107,417 | \$ 9 | \$ 8,764 |
| Central Administration | 397,976 | 398,977 | 397,853 | 155 | 969 |
| Finance | 1,094,900 | 1,089,800 | 1,007,165 | 3,087 | 79,548 |
| Staff | 1,098,153 | 988,153 | 954,574 | | 33,579 |
| Central Services | 16,818,769 | 17,197,133 | 15,508,344 | 681,698 | 1,007,091 |
| Special Items | 2,432,304 | 2,503,110 | 2,444,978 | | 58,132 |
| Total General Support | <u>21,954,192</u> | <u>22,293,363</u> | <u>20,420,331</u> | <u>684,949</u> | <u>1,188,083</u> |
| Instruction | | | | | |
| Instruction, Administration, and Improvement | 8,134,490 | 8,245,777 | 8,184,048 | 900 | 60,829 |
| Teaching - Regular School | 72,245,414 | 72,097,406 | 69,722,680 | 399,577 | 1,975,149 |
| Programs for Children With Special Needs | 27,448,052 | 27,248,050 | 25,460,914 | 9,975 | 1,777,161 |
| Occupational Education | 330,000 | 300,034 | 289,804 | | 10,230 |
| Teaching - Special School | 403,699 | 409,747 | 406,582 | 650 | 2,515 |
| Instructional Media | 4,307,418 | 4,353,024 | 4,134,404 | 150,694 | 67,926 |
| Pupil Services | 9,878,655 | 9,957,824 | 9,730,328 | 83,189 | 144,307 |
| Total Instruction | <u>122,747,728</u> | <u>122,611,862</u> | <u>117,928,760</u> | <u>644,985</u> | <u>4,038,117</u> |
| Pupil Transportation | 9,653,781 | 9,650,077 | 9,142,375 | 139 | 507,563 |
| Community Services | 270,387 | 271,784 | 262,109 | 924 | 8,751 |
| Employee Benefits | 55,800,711 | 55,535,640 | 53,221,709 | | 2,313,931 |
| Debt Service - Interest | 367,000 | 367,000 | 158,667 | | 208,333 |
| Total Expenditures | <u>210,793,799</u> | <u>210,729,726</u> | <u>201,133,951</u> | <u>1,330,997</u> | <u>8,264,778</u> |
| Other Financing Uses | | | | | |
| Transfers to Other Funds | 4,105,000 | 4,169,073 | 4,169,073 | | |
| Total Expenditures and Other Financing Uses | <u>\$ 214,898,799</u> | <u>\$ 214,898,799</u> | <u>205,303,024</u> | <u>\$ 1,330,997</u> | <u>\$ 8,264,778</u> |
| Net Change in Fund Balance | | | | | |
| | | | 2,016,069 | | |
| Fund Balance - Beginning of Year | | | | | |
| | | | <u>50,066,218</u> | | |
| Fund Balance - End of Year | | | | | |
| | | | <u>\$ 52,082,287</u> | | |

Note to Required Supplementary Information:

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

The budget is adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

SYOSSET CENTRAL SCHOOL DISTRICT
SCHEDULES OF FUNDING PROGRESS OF THE OTHER POSTEMPLOYMENT BENEFITS
For the Year Ended June 30, 2015

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability-Projected Unit Credit | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as % of Covered Payroll |
|--------------------------------|---------------------------------|--|---|--------------|-----------------|------------------------------------|
| | (a) | (b) | (b)-(a) | (a)/(b) | (c) | [(b)-(a)]/(c) |
| July 1, 2014 | \$ | \$ 238,063,992 | \$ 238,063,992 | 0% | \$ 106,013,592 | 224.6% |
| July 1, 2012 | \$ | \$ 205,473,614 | \$ 205,473,614 | 0% | \$ 102,081,398 | 201.3% |
| July 1, 2010 | \$ | \$ 235,759,198 | \$ 235,759,198 | 0% | \$ 96,852,503 | 243.4% |

SYOSSET CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
For the Year Ended June 30, 2015

ERS Pension Plan
Last 10 Fiscal Years

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually Required Contribution | \$ 3,863,204 | \$ 3,635,039 | \$ 3,239,514 | \$ 2,750,533 | \$ 1,992,092 | \$ 1,274,246 | \$ 1,296,752 | \$ 1,331,814 | \$ 1,352,993 | \$ 1,266,848 |
| Contributions in Relation to the Contractually Required Contributi | <u>3,863,204</u> | <u>3,635,039</u> | <u>3,239,514</u> | <u>2,750,533</u> | <u>1,992,092</u> | <u>1,274,246</u> | <u>1,296,752</u> | <u>1,331,814</u> | <u>1,352,993</u> | <u>1,266,848</u> |
| Contribution Deficiency (Excess) | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| School District's Covered-ERS Employee Payroll | \$ 18,512,867 | \$ 17,480,011 | \$ 17,392,116 | \$ 17,277,518 | \$ 17,212,524 | \$ 16,780,615 | \$ 15,280,176 | \$ 14,244,012 | \$ 13,593,925 | \$ 13,275,473 |
| Contributions as a Percentage of Covered-Employee Payroll | 20.87% | 20.80% | 18.63% | 15.92% | 11.57% | 7.59% | 8.49% | 9.35% | 9.95% | 9.54% |

TRS Pension Plan
Last 10 Fiscal Years

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|---|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually Required Contribution | \$ 17,352,729 | \$ 15,936,073 | \$ 10,987,130 | \$ 10,174,683 | \$ 7,947,996 | \$ 5,465,724 | \$ 6,552,581 | \$ 7,091,034 | \$ 6,572,371 | \$ 5,597,198 |
| Contributions in Relation to the Contractually Required Contributi | <u>17,352,729</u> | <u>15,936,073</u> | <u>10,987,130</u> | <u>10,174,683</u> | <u>7,947,996</u> | <u>5,465,724</u> | <u>6,552,581</u> | <u>7,091,034</u> | <u>6,572,371</u> | <u>5,597,198</u> |
| Contribution Deficiency (Excess) | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| School District's Covered-TRS Employee Payroll | \$ 98,988,756 | \$ 98,068,141 | \$ 92,796,707 | \$ 91,581,302 | \$ 92,204,130 | \$ 88,299,257 | \$ 85,879,174 | \$ 81,226,048 | \$ 76,422,919 | \$ 70,228,331 |
| Contributions as a Percentage of Covered-Employee Payroll | 17.53% | 16.25% | 11.84% | 11.11% | 8.62% | 6.19% | 7.63% | 8.73% | 8.60% | 7.97% |

SYOSSET CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY
For the Year Ended June 30, 2015

ERS Pension Plan

| | <u>2015</u> | <u>2014</u> |
|---|--------------------|--------------------|
| District's proportion of the net pension liability | 0.0608556% | 0.0608556% |
| District's proportionate share of the net pension liability | \$ 2,055,850 | \$ 2,749,978 |
| District's covered-employee payroll | \$ 18,512,867 | \$ 17,480,011 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 11.10% | 15.73% |
| Plan fiduciary net position as a percentage of total pension liability | 97.9% | 97.2% |

TRS Pension Plan

| | <u>2015</u> | <u>2014</u> |
|---|--------------------|--------------------|
| District's Proportion of the net pension (asset) | 0.663898% | 0.633518% |
| District's proportionate share of the net pension (asset) | \$(73,954,151) | \$ (4,170,157) |
| District's covered-employee payroll | \$ 98,988,756 | \$ 98,068,141 |
| District's proportionate share of the net pension asset as a percentage of its covered-employee payroll | 74.71% | 4.25% |
| Plan fiduciary net position as a percentage of total pension (asset) | 111.48% | 100.70% |

SYOSSET CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND REAL PROPERTY TAX LIMIT
For the Year Ended June 30, 2015

Change from Adopted Budget to Final Budget

| | |
|--------------------------------|------------------------------|
| Adopted Budget | \$ 212,730,695 |
| Add: Prior Year's Encumbrances | <u>2,168,104</u> |
| Original Budget | <u>\$ 214,898,799</u> |
| Final Budget | <u><u>\$ 214,898,799</u></u> |

Section 1318 of Real Property Tax Law Limit Calculation

| | |
|---|-----------------------|
| 2015-16 voter-approved expenditure budget | <u>\$ 215,585,452</u> |
| Maximum allowed (4% of 2015-16 budget) | <u>\$ 8,623,418</u> |

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

| | |
|---------------------------------|-------------------|
| Unrestricted fund balance: | |
| Assigned fund balance | 3,800,322 |
| Unassigned fund balance | <u>8,623,420</u> |
| Total unrestricted fund balance | <u>12,423,742</u> |

Less:

| | |
|--|------------------|
| Appropriated fund balance | 2,469,325 |
| Encumbrances included in committed and assigned fund balance | <u>1,330,997</u> |
| Total adjustments | <u>3,800,322</u> |

| | |
|--|----------------------------|
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law | <u><u>\$ 8,623,420</u></u> |
|--|----------------------------|

| | |
|-------------------|-------|
| Actual percentage | 4.00% |
|-------------------|-------|

SYOSSET CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2015

| PROJECT TITLE | Original Authorization | Revised Authorization | Expenditures | | | Unexpended Balance | Methods of Financing | | | | Fund Balance June 30, 2015 |
|-----------------------------|---------------------------|--------------------------|---------------------|------------------|---------------------|-----------------------|----------------------------|--------------------------|---------------------|---------------------|----------------------------------|
| | | | Prior Years | Current Year | Total | | Proceeds of Obligations | Federal and State Aid | Local Sources | Total | |
| 2008-09 Local Appropriation | \$ 497,500 | \$ 497,500 | \$ 474,114 | \$ | \$ 474,114 | \$ 23,386 | \$ | \$ | \$ 497,500 | \$ 497,500 | \$ 23,386 |
| 2009-10 Local Appropriation | 247,500 | 247,500 | 165,348 | | 165,348 | 82,152 | | | 247,500 | 247,500 | 82,152 |
| 2010-11 Local Appropriation | 247,500 | 365,500 | 259,676 | 5,383 | 265,059 | 100,441 | | | 365,500 | 365,500 | 100,441 |
| 2012-13 Local Appropriation | <u>832,024</u> | <u>885,213</u> | <u>862,914</u> | <u>22,299</u> | <u>885,213</u> | | | | <u>885,213</u> | <u>885,213</u> | |
| Totals | <u>\$ 1,824,524</u> | <u>\$ 1,995,713</u> | <u>\$ 1,762,052</u> | <u>\$ 27,682</u> | <u>\$ 1,789,734</u> | <u>\$ 205,979</u> | <u>\$</u> | <u>\$</u> | <u>\$ 1,995,713</u> | <u>\$ 1,995,713</u> | <u>\$ 205,979</u> |

SYOSSET CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2015

| | |
|---|----------------------|
| Capital Assets, Net | \$ 81,095,648 |
| Deduct: | |
| Deferred Amounts from Refunding Debt, Net of Amortization | 1,239,649 |
| Note Payable Short-term | 97,315 |
| Note Payable Long-term | 80,253 |
| Short-Term Portion of Bonds Payable | 3,485,000 |
| Serial Bonds Payable | <u>26,905,000</u> |
| | <u>31,807,217</u> |
| Net Investment in Capital Assets | <u>\$ 49,288,431</u> |

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

**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**

Board of Education
Syosset Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standard issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Syosset Central School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Syosset Central School District's basic financial statements, and have issued our report thereon dated October 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Syosset Central School 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 Syosset Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Syosset Central School 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 District'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 Syosset Central School 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 Syosset Central School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo + Co., LLP

October 2, 2015

Utica, New York

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

120 Lomond Court, Utica, N.Y. 13502-5950
315-735-5216 Fax: 315-735-5210

**Independent Auditor's Report on Compliance for Each Major Program and on
Internal Control Over Compliance Required by OMB Circular A-133**

Board of Education
Syosset Central School District

Report on Compliance for Each Major Federal Program

We have audited Syosset Central School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Syosset Central School District's major Federal programs for the year ended June 30, 2015. Syosset Central School District's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Syosset Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Syosset Central School 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 Syosset Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Syosset Central School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Syosset 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 Syosset Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Syosset Central School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

D'Arcangelo + Co., LLP

October 2, 2015

Utica, New York

SYOSSET CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Current Year Expenditures</u> |
|--|------------------------------------|--------------------------------------|
| <u>U.S. Department of Agriculture</u> | | |
| (Passed Through the State Education Department of the State of New York) | | |
| School Breakfast Program | 10.553 | \$ 11,060 |
| National School Lunch Program | 10.555 | 116,328 |
| Special Milk Program for Children | 10.556 | <u>33,927</u> |
| Cash Assistance Subtotal | | 161,315 |
| National School Lunch Program (Noncash) | 10.555 | <u>50,239</u> |
| Total U.S. Department of Agriculture | | <u>211,554</u> |
| <u>U.S. Department of Education</u> | | |
| (Passed Through the State Education Department of the State of New York) | | |
| Title I Grants to Local Educational Agencies | 84.010 | 313,685 |
| Special Education - Grants to States | 84.027 | 1,255,489 |
| Special Education - Preschool Grants | 84.173 | 33,337 |
| Improving Teacher Quality State Grants | 84.367 | 132,877 |
| English Language Acquisition Grants | 84.365 | <u>21,353</u> |
| Total U.S. Department of Education | | <u>1,756,741</u> |
| Total Federal Financial Assistance | | <u>\$ 1,968,295</u> |

See Notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

The accompanying Schedule of Expenditures of Federal Awards represents all Federal awards administered by the Syosset Central School District. The School District's organization is defined in Note 1 to the School District's basic financial statements.

Basis of Accounting

The expenditures in the accompanying schedule are presented on an accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Food Donation

Nonmonetary assistance is reported in the schedule at fair market value of the food commodities received. At June 30, 2015, the School District has food commodities in inventory of \$540.

Cluster Programs

The following programs are identified by "OMB Circular A-133 Compliance Supplement" to be part of a cluster of programs:

U.S. Department of Agriculture

| | |
|--------------|-----------------------------------|
| CFDA #10.553 | School Breakfast Program |
| CFDA #10.555 | National School Lunch Program |
| CFDA #10.556 | Special Milk Program for Children |

U.S Department of Education

| | |
|----------------------------|--------------------------------------|
| Special Education Cluster: | |
| CFDA #84.027 | Special Education – Grants to States |
| CFDA #84.173 | Special Education – Preschool Grants |

**SYOSSET CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2015**

Summary of Auditor's Results

| | | |
|--------------|--|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any other significant deficiencies reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material internal control weakness conditions reported for major Federal programs? | No |
| (d)(1)(iv) | Were there any other significant deficiencies reported for major Federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| (d)(1)(vi) | Are there any reportable findings under § .510? | No |
| (d)(1)(vii) | Major Programs (list): | <u>U.S. Department of Education</u> Special Education Cluster: CFDA # 84.027 Special Education – Grants to States and CFDA# 84.173 Special Education – Preschool Grants |
| (d)(1)(viii) | Dollar Threshold: Type A\B Programs | Type A: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | Yes |

Findings – Financial Statement Audit

None.

Findings and Questioned Costs – Major Federal Award Programs

None.

**SYOSSET CENTRAL SCHOOL DISTRICT
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED
COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2015**

| <u>Item Number</u> | <u>Finding</u> | <u>Questioned Costs</u> |
|--------------------|----------------|-------------------------|
| | None. | |