

**Rockville Centre Union Free
School District, New York**

Financial Statements and
Supplementary Information

Year Ended June 30, 2015

Rockville Centre Union Free School District, New York

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Independent Auditors' Report

**The Board of Education of the
Rockville Centre Union Free School District, New York**

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 Rockville Centre Union Free School District, New York ("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.

Auditors' 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 auditors' 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 School 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 School 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 School District, as of June 30, 2015, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

O'CONNOR DAVIES, LLP

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Emphasis of Matter

We draw attention to Note 2,D and Note 3,G in the notes to financial statements which disclose the effects of the School District's adoption of the provisions of GASB Statement Nos. 68 "*Accounting and Financial Reporting for Pensions*" and 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date*". 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 Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents to 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133 Audits of State, Local Governments and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 9, 2015 on our consideration of the 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 the School District's internal control over financial reporting and compliance.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
October 9, 2015

Rockville Centre Union Free School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

The following is a discussion and analysis of the Rockville Centre Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2015. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the district-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- Total net position on a District-wide basis increased by approximately \$1.4 million when compared with last year.
- The District has maintained an "Aa2" credit rating from Moody's for its bond borrowing. This rating will save the taxpayers several million dollars over the life of the bonds.
- South Side High School has consistently ranked as one of the top public high schools in the United States of America. The District continued to offer all programs, without reducing services.
- On May 19, 2015, the proposed 2015-2016 budget in the amount of \$107,078,660 was authorized by the District's residents.
- On December 17, 2014, the District refunded \$1,100,000 of outstanding 2003 serial bonds, \$4,480,000 of outstanding 2005 serial bonds and \$3,095,000 of outstanding 2006 serial bonds, which had interest rates ranging from 3.625% to 4.125% and issued \$8,570,000 School District Refunding (Serial) Bonds – 2014 with interest rates ranging from 2% to 3% over the life of the bonds, maturing in 2021. The net present value of the savings to the District in the form of lower debt service payments over the remaining life of the bonds will be \$726,561.
- On December 17, 2014, the District issued \$35,000,000 School District Serial Bonds, 2014, pursuant to a Bond Resolution duly adopted by the Board of Education on April 2, 2013, authorizing \$45,926,000 for reconstruction and construction of various school buildings including site improvements.
- The District continues to upgrade its buildings and complete major projects in connection with the School Improvement Bond including adding space to Watson Elementary School and South Side High School, providing air-conditioning for all instructional spaces in the District, modernizing outdated and inadequate science labs at the High School, updating music, theatre and arts facilities throughout the District and addressing structural and site issues in the District's buildings.
- New York State Law limits the amount of assigned and unassigned fund balance exclusive of encumbrances and amounts designated for the subsequent year's budget that can be retained by the General Fund, to 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,975,736 or 2.78%, and therefore within the statutory limit.

- Also noteworthy on the district-wide financial statements for the year ended June 30, 2015, is the implementation of the provisions of GASB Statement No. 68 for the first time. This pronouncement established new accounting and financial reporting requirements associated with the District's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS"). Under the new standards, cost-sharing employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At June 30, 2015, the District reported in its Statement of Net Position a liability of \$1,087,486 for its proportionate share of the ERS net pension liability, while also reporting a pension asset of \$35,112,833 for its proportionate share of the TRS net pension asset. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in note 3,G in the notes to financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains combined and individual fund statements and schedules in addition to the basic financial statements.

District-Wide Financial Statements

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

- The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as a net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The governmental activities of the District include instruction, pupil transportation, cost of food sales, interest and general administrative support.

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the School District as a whole. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- *Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information is provided on reconciliation pages explaining the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee or fiduciary for assets that belong to others, such as scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. This MD&A includes a summary of two district-wide statements that focus on operations of the District as a whole. These statements measure inputs and outflows using an economic resources measurement focus, and use the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

The District's total net deficit decreased by \$1,380,544 in the fiscal year ended June 30, 2015 as detailed below.

Condensed Statement of Net Position - Governmental Activities

	Fiscal Year 2015	Fiscal Year 2014 as restated	Increase (Decrease)	Total Percentage Change
Current assets and other assets	\$ 43,362,332	\$ 29,197,337	\$ 14,164,995	48.51%
Net pension asset	35,112,833	2,022,332	33,090,501	100.00%
Capital assets, net	38,543,598	24,162,442	14,381,156	59.52%
Total Assets	<u>117,018,763</u>	<u>55,382,111</u>	<u>61,636,652</u>	<u>111.29%</u>
Deferred outflows of Resources	<u>9,377,135</u>	<u>8,024,112</u>	<u>1,353,023</u>	<u>16.86%</u>
Total Assets and Deferred Outflows of Resources*	<u>\$ 126,395,898</u>	<u>\$ 63,406,223</u>	<u>\$ 62,989,675</u>	<u>99.34%</u>
Current liabilities	\$ 12,913,691	\$ 17,593,457	\$ (4,679,766)	-26.60%
Long-term liabilities	104,937,763	62,791,507	42,146,256	67.12%
Total Liabilities	<u>117,851,454</u>	<u>80,384,964</u>	<u>37,466,490</u>	<u>46.61%</u>
Deferred Inflows of Resources*	<u>24,142,641</u>	<u>-</u>	<u>24,142,641</u>	<u>100.00%</u>
Net Position				
Net Investment in capital assets	8,504,274	3,432,437	5,071,837	147.76%
Restricted	3,319,452	6,688,518	(3,369,066)	-50.37%
Unrestricted (Deficit)	(27,421,923)	(27,099,696)	(322,227)	1.19%
Total Net Position (Deficit)	<u>(15,598,197)</u>	<u>(16,978,741)</u>	<u>1,380,544</u>	<u>8.13%</u>
Total Liabilities and Net Position	<u>\$ 126,395,898</u>	<u>\$ 63,406,223</u>	<u>\$ 62,989,675</u>	<u>99.34%</u>

*Implementation of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" as of Jun 30, 2015.

Current assets and other assets increased by \$14,164,995 primarily due to an increase in cash related to proceeds from the District's borrowing to finance School Improvement Bond projects. The net pension asset in the amount of \$35,112,833 represents the recognition the District's portion of the pension asset for the New York State Teachers' Retirement System (TRS), as required by GASB Statement No. 68.

A large component of the District's total assets is the investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. During the fiscal year, the increase in net capital assets was primarily a result of the capital outlay for new capital assets which were capitalized as part of the District's \$45,926,000 School Improvement Bond approved by the voters on March 19, 2013.

Current liabilities decreased \$4,679,766 primarily due to the \$7,500,000 decrease in Bond Anticipation Notes. The net pension liability of \$1,087,486 is the District's proportionate share of the New York State and Local Employees' Retirement System (ERS) net pension liability as required by GASB 68. Long-term liabilities increased by \$42,146,256 primarily due to the issuance of \$35,000,000 Series A Bonds for reconstruction and construction of various school buildings including site improvements and an increase in Other Post Employment Benefit Obligations Payable. The recognition of OPEB obligations is required under the provisions of GASB Statement No. 45. These obligations include any benefits provided to retirees, other than a pension, including health insurance. Deferred inflows of Resources in the amount of \$24,142,641 relates to the required implementation of the provisions of GASB Statement No. 68 related to TRS.

At the end of the current fiscal year, the net investment in capital assets total \$8,504,274 and the items of net position subject to external restrictions total \$3,319,452. There is an unrestricted net deficit of \$27,421,923 which must be financed from future operations.

Overall, the District's total net position increased by \$9,173,182 (inclusive of an adjustment to the opening net position of \$8,591,784 due to the impact of GASB Statement No. 68 as discussed in detail in Note 2,D and 3,G and inclusive of prior period adjustments to the opening net position in the aggregate amount of \$(799,146) due to the reporting of the Special Purpose and Permanent funds as governmental funds and the adjustment's needed to properly record the District's capital assets at June 30, 2015 as discussed in Note 3,E.

Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities.

	Fiscal Year 2015	Fiscal Year 2014	Increase (Decrease)	Total Percentage Change
Revenues				
Program Revenues				
Charges for services	\$ 4,132,466	\$ 3,617,236	\$ 515,230	14.2%
Operating grants and Contributions	2,223,343	2,334,940	(111,597)	-4.8%
Capital grants and Contributions	115,940	501,712	(385,772)	-76.9%
Total Program Revenues	6,471,749	6,453,888	17,861	0.3%
General Revenues				
Real Property Taxes	81,456,587	79,767,409	1,689,178	2.1%
Other tax items	8,125,940	8,120,879	5,061	0.1%
Unrestricted Use of Money and Property	66,165	138,078	(71,913)	-52.1%
Sale of property and compensation for loss	20,884	30,360	(9,476)	-31.2%
Unrestricted State aid	8,860,547	7,762,865	1,097,682	14.1%
Other	478,252	179,649	298,603	166.2%
Total General Revenues	99,008,375	95,999,240	3,009,135	3.1%
Total Revenues	105,480,124	102,453,128	3,026,996	3.0%
Program Expenses				
General support	12,289,294	11,651,881	637,413	5.5%
Instruction	85,718,305	90,686,718	(4,968,413)	-5.5%
Pupil transportation	4,159,162	3,828,969	330,193	8.6%
Community services	111,547	166,145	(54,598)	-32.9%
Cost of Food Sales	809,461	808,119	1,342	0.2%
Other	33,673		33,673	100.0%
Interest	978,138	604,843	373,295	61.7%
Total Expenses	104,099,580	107,746,675	(3,647,095)	-3.4%
Increase (Decrease) in Net Position	\$ 1,380,544	\$ (5,293,547)	\$ 6,674,091	-126.1%

The District's fiscal year 2015 revenues totaled \$105,480,124. Property taxes (including other tax items) and state formula aid accounted for most of the District's revenue. The remainder came from fees charged for services, operating grants, capital grants, investment earnings, and other miscellaneous sources.

The cost of all programs and services totaled \$104,099,580 for fiscal year 2015. These expenses are predominantly related to general instruction and caring for (pupil services) and transporting students.

Instruction program expenses in the aggregate decreased by \$4,968,413 or 5.5% from the prior year due in part to the implementation of GASB Statement No. 68.

As seen above, governmental activities increased the District's net position by \$1,380,544 during the current fiscal year. Noteworthy is the impact of the requirements of GASB Statement No. 45 that requires recognition of OPEB expenses and GASB Statement Nos. 68 and 71 that require Districts to recognize their proportionate share of assets, deferred outflows of resources, liabilities and deferred inflows of resources to the various pension systems (ERS and TRS).

Financial Analysis of the School District's Funds

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

Fund Balance Reporting

GASB issued Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements for periods ending June 30, 2011.

GASB Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: non-spendable, restricted, committed, assigned and unassigned. The fund balance classifications are as follows:

- **Nonspendable** – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.
- **Restricted** – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- **Committed** – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Note: According to the Office of the State Comptroller, school districts in New York will not have committed fund balance to report.

- **Assigned** – consists of amounts that are constrained either by the Board of Education for amounts assigned for balancing the subsequent year's budget or the Assistant Superintendent for Business for amounts assigned for encumbrances. Encumbrances outstanding at year end are reported as assigned balance since they do not constitute expenditures or liabilities. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.
- **Unassigned** – represents amounts not classified as nonspendable, restricted, committed or assigned, and could be a surplus or deficit. The General Fund is the only fund that could report a positive amount in unassigned fund balance. For governmental funds other than the General Fund, the unassigned fund balance should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. According to

GASB, this pronouncement should result in an improvement in the usefulness of fund balance information.

Governmental Funds

A summary of the change in fund balance for the governmental funds is as follows:

	Fiscal Year 2015	Fiscal Year 2014	Increase (Decrease)	Total % Change
General Fund				
Nonspendable for advances	\$ 314,797	\$ -	\$ 314,797	100.0%
Restricted for employee benefit accrued liabilities	2,761,980	2,140,504	621,476	29.0%
Restricted for retirement contributions	1,941,794	2,353,190	(411,396)	-17.5%
Restricted for unemployment insurance	111,200	110,767	433	0.4%
Assigned-designated for subsequent year's expenditures	2,800,000	2,800,000	-	0.0%
Assigned-purchases on order-general support	97,124	59,577	37,547	63.0%
Assigned-purchases on order-instruction	4,538	-	4,538	100.0%
Unassigned	2,975,736	3,930,764	(955,028)	-24.3%
Total Fund Balance - General Fund	\$ 11,007,169	\$ 11,394,802	\$ (387,633)	-3.4%
	Fiscal Year 2015	Fiscal Year 2014	Increase (Decrease)	Total % Change
School Lunch Fund				
Nonspendable for inventory	\$ 5,786	\$ 5,474	\$ 312	5.7%
Assigned for school lunch	3,129	30,080	(26,951)	-89.6%
Total Fund Balance - School Lunch Fund	8,915	35,554	(26,639)	-74.9%
Permanent Fund				
Nonspendable for scholarships	150,000	-	150,000	100.0%
Restricted for scholarships	1,349,336	-	1,349,336	100.0%
Total Fund Balance - Permanent Fund	1,499,336	-	1,499,336	100.0%
Special Purpose Fund				
Restricted for scholarships	46,865	-	46,865	100.0%
Total Fund Balance - Special Purpose Fund	46,865	-	46,865	100.0%
Debt Service Fund				
Restricted for debt service	585,385	464,784	120,601	25.9%
Total Fund Balance - Debt Service Fund	585,385	464,784	120,601	25.9%
Capital Projects Fund				
Restricted	17,448,327	265,108	17,183,219	100.0%
Unassigned for capital projects	-	(2,207,233)	2,207,233	-100.0%
Total Fund Balance - Capital Projects Fund	17,448,327	(1,942,125)	19,390,452	-998.4%
Total Fund Balance - All Funds	\$ 30,595,997	\$ 9,565,382	\$ 32,037,784	334.9%

In the General Fund, the District can attribute changes to fund balance primarily to operating results, Board approved transfers and allocation of interest earnings.

The decrease in fund balance in the School Lunch Fund of \$26,639 is due to current year operations. The District has responded to this decrease by increasing prices and continuing to monitor the cost of food.

The fund balance for the Permanent Fund and the Special Purpose Fund is being classified as a governmental fund for the first time in the June 30, 2015 financial statements. These funds are maintained for the receipt and disbursement of scholarships.

The increase in fund balance in the Debt Service Fund of \$120,601 can be attributed to interest earnings and activity related to the District's financing activities.

The increase in the fund balance for capital projects of \$19,390,452 is primarily due to the recording of revenue related to new debt and expenditures related to the District's School Improvement Bond projects.

General Fund Budgetary Highlights

The District's General Fund adopted budget for the year ended June 30, 2015 was \$103,136,754. This amount was increased by encumbrances carried forward from the prior year in the amount of \$59,577 and budget revisions in the amount of \$490,022 which resulted in a final budget of \$103,686,353. The majority of the funding was property taxes and STAR revenue of \$89,582,527.

Capital Assets

At June 30, 2015, the District had capital assets of \$38,543,598, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is delineated below and provides comparative balances from the prior year.

<u>Category</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014*</u>	<u>Increase Decrease</u>	<u>Percentage Change</u>
Land	\$ 32,038	\$ 32,038	\$ -	-%
Construction-in-progress	14,229,255	5,676,922	8,552,333	100%
Buildings & building improvements	38,546,248	31,353,139	7,193,109	23%
Improvements other than buildings	2,811,713	2,811,713	-	-%
Machinery and equipment	6,177,148	6,049,551	127,597	2%
Subtotal	<u>61,796,402</u>	<u>45,923,363</u>	<u>15,873,039</u>	<u>35%</u>
Less: Accumulated depreciation	<u>23,252,804</u>	<u>21,760,921</u>	<u>1,491,883</u>	<u>7%</u>
Capital assets, net	<u>\$ 38,543,598</u>	<u>\$ 24,162,442</u>	<u>\$ 14,381,156</u>	<u>60%</u>

*As Restated.

The change in capital assets during the current fiscal year results primarily from the capital outlay for new capital assets as part of the District's \$45,926,000 School Improvement Bond approved by the voters on March 19, 2013.

More detailed information about the District's capital assets is presented in Note 3,C in the notes to financial statements.

Long-Term Debt

The District had general obligation and other long-term debt outstanding as follows:

	2015	2014	Increase (Decrease)
Bonds payable	\$ 43,645,000	\$ 10,445,000	\$ 33,200,000
Plus - unamortized premium on bonds	947,269	-	947,269
Energy performance contract debt payable	2,813,496	2,987,264	(173,768)
Installment debt payable	93,573	62,849	30,724
Claims payable	919,654	992,672	(73,018)
Compensated Absences	2,761,980	2,140,504	621,476
Net pension liability	1,087,486	-	1,087,486
Other post employment benefit obligations payable	52,669,305	44,708,558	7,960,747
Total	<u>\$ 104,937,763</u>	<u>\$ 61,336,847</u>	<u>\$ 43,600,916</u>

The increase in Bonds payable relates to the issuance of \$35,000,000 School District Serial Bonds, 2014 to finance the School Improvement Bond projects.

At June 30, 2015, the District reported a liability of \$1,087,486 for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2015 and the total liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

More detailed information about the District's long-term liabilities is presented in Note 3, G in the notes to financial statements.

Conclusion

The General Fund budget for the 2015-2016 school year was approved by the voters in the amount of \$107,078,660. This is an increase of 3.82% over the previous year's budget. The increase was primarily due to increases in personnel costs and employee benefits.

The 2015-2016 budget is impacted by certain trends impacting school districts. These include increases in retirement contributions and health insurance costs.

The NYS Legislature introduced and approved a property tax cap beginning in the 2012-2013 school year. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved

capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the district's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60 percent of the vote. A school district that does not levy an amount up to the cap in any one year would be allowed to carry over unused tax levy capacity into future years.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Rockville Centre Union Free School District
Attn: Mr. Robert Bartels
Assistant Superintendent for Business
128 Shepherd Street
Rockville Centre, New York 11570
(516) 255-8935

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Rockville Centre Union Free School District, New York

Statement of Net Position

June 30, 2015

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 37,226,627
Investments	1,252,350
Receivables	
Taxes	1,753,338
Accounts	435,239
State and Federal aid	1,819,532
Due from other governments	869,460
Inventories	5,786
Net pension asset	35,112,833
Capital assets	
Not being depreciated	14,261,293
Being depreciated, net	24,282,305
Total Assets	117,018,763
DEFERRED OUTFLOWS OF RESOURCES	9,377,135
LIABILITIES	
Accounts payable	2,318,436
Accrued liabilities	333,070
Due to other governments	415,197
Due to retirement systems	9,236,125
Unearned revenues	463,507
Accrued interest payable	147,356
Non-current liabilities	
Due within one year	2,770,026
Due in more than one year	102,167,737
Total Liabilities	117,851,454
DEFERRED INFLOWS OF RESOURCES	24,142,641
NET POSITION	
Net investment in capital assets	8,504,274
Restricted	
Capital projects	484,208
Debt service	585,385
Retirement contributions	1,941,794
Unemployment benefits	111,200
Special purposes	46,865
Permanent fund	150,000
Unrestricted	(27,421,923)
Total Net Position	\$ (15,598,197)

The notes to the financial statements are an integral part of this statement.

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Rockville Centre Union Free School District, New York

Statement of Activities
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	Capital Grants and Contributions	
Governmental activities					
General support	\$ 12,289,294	\$ 45,206	\$ -	\$ -	\$ (12,244,088)
Instruction	85,718,305	3,585,036	2,068,450	54,792	(80,010,027)
Pupil transportation	4,159,162	-	48,066	-	(4,111,096)
Community services	111,547	-	-	-	(111,547)
Cost of food sales	809,461	502,224	296,226	-	(11,011)
Other	33,673	-	(189,399)	-	(223,072)
Interest	978,138	-	-	61,148	(916,990)
Total Governmental Activities	<u>\$ 104,099,580</u>	<u>\$ 4,132,466</u>	<u>\$ 2,223,343</u>	<u>\$ 115,940</u>	<u>(97,627,831)</u>
General revenues					
Real property taxes					81,456,587
Other tax items					
School tax relief reimbursement					7,311,569
Payments in lieu of taxes					806,715
Interest and penalties on real property taxes					7,656
Unrestricted use of money and property					66,165
Sale of property and compensation for loss					20,884
Unrestricted State aid					8,860,547
Miscellaneous					478,252
Total General Revenues					<u>99,008,375</u>
Change in Net Position					<u>1,380,544</u>
Net Position - Beginning, as reported					(24,771,379)
Cumulative Effect of Change in Accounting Principle					8,591,784
Prior Period Adjustment					<u>(799,146)</u>
Net Position - Beginning, as restated					<u>(16,978,741)</u>
Net Position - Ending					<u>\$ (15,598,197)</u>

The notes to the financial statements are an integral part of this statement.

Rockville Centre Union Free School District, New York

Balance Sheet
Governmental Funds
June 30, 2015

	General	Capital Projects	Special Aid
ASSETS			
Cash and equivalents	\$ 16,634,560	\$ 19,711,676	\$ 344,516
Investments	-	-	-
Receivables			
Taxes	1,753,338	-	-
Accounts	435,239	-	-
State and Federal aid	1,156,220	-	643,881
Due from other governments	869,460	-	-
Advances to other funds	314,797	-	-
Due from other funds	335,285	174,780	-
Inventories	-	-	-
Total Assets	<u>\$ 21,498,899</u>	<u>\$ 19,886,456</u>	<u>\$ 988,397</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 156,539	\$ 2,123,332	\$ 38,565
Accrued liabilities	329,512	-	1,958
Due to other governments	414,799	-	-
Due to other funds	-	-	877,773
Advances from other funds	-	314,797	-
Due to retirement systems	9,236,125	-	-
Unearned revenues	354,755	-	70,101
Total Liabilities	<u>10,491,730</u>	<u>2,438,129</u>	<u>988,397</u>
Fund balances			
Nonspendable	314,797	-	-
Restricted	4,814,974	17,448,327	-
Assigned	2,901,662	-	-
Unassigned	2,975,736	-	-
Total Fund Balances	<u>11,007,169</u>	<u>17,448,327</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 21,498,899</u>	<u>\$ 19,886,456</u>	<u>\$ 988,397</u>

The notes to the financial statements are an integral part of this statement.

Non-Major Governmental	Total Governmental Funds
\$ 535,875	\$ 37,226,627
1,252,350	1,252,350
-	1,753,338
-	435,239
19,431	1,819,532
-	869,460
-	314,797
580,373	1,090,438
5,786	5,786
<u>\$ 2,393,815</u>	<u>\$ 44,767,567</u>

\$ -	\$ 2,318,436
1,600	333,070
398	415,197
212,665	1,090,438
-	314,797
-	9,236,125
38,651	463,507
<u>253,314</u>	<u>14,171,570</u>

155,786	470,583
1,981,586	24,244,887
3,129	2,904,791
-	2,975,736
<u>2,140,501</u>	<u>30,595,997</u>
<u>\$ 2,393,815</u>	<u>\$ 44,767,567</u>

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Rockville Centre Union Free School District, New York

Reconciliation of Governmental Funds Balance Sheet to
the District-Wide Statement of Net Position
June 30, 2015

Fund Balances - Total Governmental Funds	\$ 30,595,997
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	38,543,598
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities	
Deferred amounts on refunding bonds	181,098
Deferred amounts on net pension assets (liabilities)	(14,946,604)
	(14,765,506)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Net pension asset	35,112,833
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(147,356)
Bonds payable	(44,592,269)
Installment purchase debt	(93,573)
Energy performance contract debt payable	(2,813,496)
Claims payable	(919,654)
Compensated absences	(2,761,980)
Net pension liability	(1,087,486)
Other post employment benefit obligations payable	(52,669,305)
	(105,085,119)
Net Position of Governmental Activities	\$ (15,598,197)

The notes to the financial statements are an integral part of this statement.

Rockville Centre Union Free School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2015

	General	Capital Projects	Special Aid
REVENUES			
Real property taxes	\$ 81,456,587	\$ -	\$ -
Other tax items	8,125,940	-	-
Charges for services	3,585,267	-	-
Use of money and property	129,449	-	-
Sale of property and compensation for loss	20,884	-	-
State aid	9,297,778	41,974	254,582
Federal aid	2,128	-	1,266,717
Food sales	-	-	-
Miscellaneous	545,223	12,818	72,937
Total Revenues	103,163,256	54,792	1,594,236
EXPENDITURES			
Current			
General support	8,481,104	-	-
Instruction	61,883,146	-	1,633,349
Pupil transportation	3,702,071	-	60,083
Community services	111,547	-	-
Employee benefits	26,375,497	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Bond issuance costs	-	-	-
Principal	50,377	-	-
Interest	117,928	-	-
Capital outlay	-	15,745,441	-
Total Expenditures	100,721,670	15,745,441	1,693,432
Excess (Deficiency) of Revenues Over Expenditures	2,441,586	(15,690,649)	(99,196)
OTHER FINANCING SOURCES (USES)			
Bonds issued	-	35,000,000	-
Payment to refunded bond escrow agent	-	-	-
Refunding bonds issued	-	-	-
Issuance premiums	-	-	-
Installment purchase debt issued	-	81,101	-
Transfers in	-	-	99,196
Transfers out	(2,829,219)	-	-
Total Other Financing Sources (Uses)	(2,829,219)	35,081,101	99,196
Net Change in Fund Balances	(387,633)	19,390,452	-
FUND BALANCES (DEFICITS)			
Beginning of Year, as reported	11,394,802	(1,942,125)	-
Prior Period Adjustment	-	-	-
Beginning of Year, as restated	11,394,802	(1,942,125)	-
End of Year	\$ 11,007,169	\$ 17,448,327	\$ -

The notes to the financial statements are an integral part of this statement.

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 81,456,587
-	8,125,940
-	3,585,267
(129,629)	(180)
-	20,884
12,258	9,606,592
283,846	1,552,691
502,224	502,224
1,500	632,478
670,199	105,482,483
-	8,481,104
-	63,516,495
-	3,762,154
-	111,547
-	26,375,497
825,089	825,089
33,673	33,673
629,352	629,352
1,868,768	1,919,145
860,341	978,269
-	15,745,441
4,217,223	122,377,766
(3,547,024)	(16,895,283)
-	35,000,000
(8,872,562)	(8,872,562)
8,570,000	8,570,000
990,453	990,453
-	81,101
2,730,023	2,829,219
-	(2,829,219)
3,417,914	35,768,992
(129,110)	18,873,709
500,338	9,953,015
1,769,273	1,769,273
2,269,611	11,722,288
\$ 2,140,501	\$ 30,595,997

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Rockville Centre Union Free School District, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2015

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds	\$ 18,873,709
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period. This amount may be less than the total capital outlay since capital outlay includes amounts under the capitalization threshold.

Capital outlay expenditures	15,873,039
Depreciation expense	(1,491,883)
	<u>14,381,156</u>

Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Charges for services	(2,359)
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Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Refunding bonds issued	(8,570,000)
Payment to refunded bond escrow agent	8,872,562
Issuance premium	(990,453)
Bonds issued	(35,000,000)
Installment purchase debt issued	(81,101)
Principal paid on serial bonds	1,695,000
Principal paid on energy performance contract debt	173,768
Principal paid on installment purchase debt	50,377
Amortization of loss on refunding and issuance premium	26,720
	<u>(33,823,127)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	(26,589)
Claims	73,018
Compensated absences	(621,476)
Pension assets (liabilities)	10,486,959
Other post employment benefit obligations	(7,960,747)
	<u>1,951,165</u>

Change in Net Position of Governmental Activities	<u>\$ 1,380,544</u>
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The notes to the financial statements are an integral part of this statement.

Rockville Centre Union Free School District, New York

Statement of Revenues, Expenditures and Changes in Fund
 Balance - Budget and Actual
 General and Special Aid Funds
 Year Ended June 30, 2015

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 81,498,583	\$ 81,498,583	\$ 81,456,587	\$ (41,996)
Other tax items	7,971,417	7,971,417	8,125,940	154,523
Charges for services	2,814,402	2,814,402	3,585,267	770,865
Use of money and property	95,000	95,000	129,449	34,449
Sale of property and compensation for loss	25,000	25,000	20,884	(4,116)
State aid	7,782,414	7,782,414	9,297,778	1,515,364
Federal aid	25,000	25,000	2,128	(22,872)
Miscellaneous	124,938	124,938	545,223	420,285
Total Revenues	100,336,754	100,336,754	103,163,256	2,826,502
EXPENDITURES				
Current				
General support	10,046,408	8,609,990	8,481,104	128,886
Instruction	61,223,929	61,887,684	61,883,146	4,538
Pupil transportation	4,150,989	3,702,071	3,702,071	-
Community services	192,950	111,547	111,547	-
Employee benefits	24,489,400	26,375,497	26,375,497	-
Debt service				
Principal	69,481	50,377	50,377	-
Interest	210,000	117,928	117,928	-
Total Expenditures	100,383,157	100,855,094	100,721,670	133,424
Excess (Deficiency) of Re- venues Over Expenditures	(46,403)	(518,340)	2,441,586	2,959,926
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,813,174)	(2,831,259)	(2,829,219)	2,040
Total Other Financing Sources (Uses)	(2,813,174)	(2,831,259)	(2,829,219)	2,040
Net Change in Fund Balances	(2,859,577)	(3,349,599)	(387,633)	2,961,966
FUND BALANCES				
Beginning of Year	2,859,577	3,349,599	11,394,802	8,045,203
End of Year	\$ -	\$ -	\$ 11,007,169	\$ 11,007,169

The notes to the financial statements are an integral part of this statement.

Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
262,854	262,854	254,582	(8,272)
1,268,858	1,571,187	1,266,717	(304,470)
72,937	72,937	72,937	-
<u>1,604,649</u>	<u>1,906,978</u>	<u>1,594,236</u>	<u>(312,742)</u>
-	-	-	-
1,641,580	1,943,909	1,633,349	310,560
63,069	63,069	60,083	2,986
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,704,649</u>	<u>2,006,978</u>	<u>1,693,432</u>	<u>313,546</u>
<u>(100,000)</u>	<u>(100,000)</u>	<u>(99,196)</u>	<u>804</u>
100,000	100,000	99,196	(804)
-	-	-	-
<u>100,000</u>	<u>100,000</u>	<u>99,196</u>	<u>(804)</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Rockville Centre Union Free School District, New York

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2015

	<u>Agency</u>
ASSETS	
Cash and equivalents	<u>\$ 635,647</u>
LIABILITIES	
Accounts payable	\$ 241,111
Deposits	112,938
Employee payroll deductions	112,818
Student activity funds	<u>168,780</u>
Total Liabilities	<u><u>\$ 635,647</u></u>

The notes to the financial statements are an integral part of this statement.

Rockville Centre Union Free School District, New York

Statement of Changes in Net Position
Fiduciary Fund
Year Ended June 30, 2015

	Private Purpose Trusts
	<u> </u>
ADDITIONS	\$ -
DEDUCTIONS	<u>-</u>
Change in Net Position	<u>-</u>
Net Position - Beginning of Year, as reported	1,769,273
Prior Period Adjustment	<u>(1,769,273)</u>
Net Position - Beginning of Year, as restated	<u>-</u>
Net Position - End of Year	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

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Note 1 - Summary of Significant Accounting Policies

The Rockville Centre Union Free School District, New York ("School District"), operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

A. Financial Reporting Entity

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

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Nassau County Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating districts' governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined in Education Law. In addition, component districts pay tuition or a service fee for programs in which its students participate. Copies of BOCES' financial statements can be requested from Nassau County BOCES, 71 Clinton Road, Garden City, New York 11530.

B. District-Wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for

Note 1 - Summary of Significant Accounting Policies (Continued)

capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is as follows:

Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal, State or other funds.

The School District also reports the following non-major governmental funds:

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of a trust agreement.

Permanent Fund - The Permanent Fund is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's scholarship programs.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

- b. Fiduciary Fund (Not Included in District-Wide Financial Statements) - Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Among the activities included in the Agency Fund are the student activity funds. The Agency Fund is also utilized to account for payroll tax withholdings that are payable to other jurisdictions.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes

Note 1 - Summary of Significant Accounting Policies (Continued)

are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be generally available if collected within sixty days of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability, certain claims and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the School District's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

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. GASB Statement No. 40 directs that deposits be

Note 1 - Summary of Significant Accounting Policies (Continued)

disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2015.

Investments – Investments in equity securities with readily determinable fair values are reported at fair value in the Permanent Fund. Equity securities are exposed to various risks such as interest rate, market and credit risks. Unrealized gains and losses are included in the Statement of Revenues, Expenditures and Changes in Fund Balance. The School District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Permanent Fund.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are payable on September 1st. The Town of Hempstead is responsible for the billing and collection of the taxes through November, at which time collection responsibility is transferred to the County. The County of Nassau guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes. This amount is generally paid to the School District no later than the following July 1st.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Advances From/To Other Funds - Advances from/to other funds represent loans to other funds, which are not expected to be repaid within the subsequent annual operating cycle. The advances are offset by a nonspendable fund balance in the fund financial statements, which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

Inventories - Inventories in the School Lunch Fund consist of food and supplies and are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by a reservation of fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress is not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and Improvements	20-50
Improvements other than Buildings	20
Machinery and Equipment	5-20

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$201,124 for registration fees for the summer programs paid in advance and \$153,631 for the overpayment of teachers' salaries in the General Fund. In addition, the District reported \$70,101 for State and Federal aid received in advance in the Special Aid Fund and \$38,651 in the School Lunch Fund for meal cards purchased in advance.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Note 1 - Summary of Significant Accounting Policies (Continued)

The School District reported deferred outflows of resources of \$181,098 for a deferred loss on refunding bonds in the government-wide Statement of Net Position. This amount results from the difference in the carrying value of the 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 School District also reports deferred outflows of resources and deferred inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the School District's pension plans in Note 3.G.

Long-Term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects or Debt Service funds expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Assets as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability (Asset) - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date"*.

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for capital projects, debt service, repairs, retirement contributions, permanent fund, unemployment benefits and special purposes. The balance is classified as unrestricted.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints

Note 1 - Summary of Significant Accounting Policies (Continued)

on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other funds except the General Fund includes all remaining amounts, except for negative balances that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts

Note 1 - Summary of Significant Accounting Policies (Continued)

as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General and Special Aid funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 9, 2015.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g) Budgets for General and Special Aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch, Special Purpose, Permanent or Debt Service funds.
- h) The Board of Education has established legal control of the budget at the program line item level of expenditures. Transfers between appropriation accounts, at the program line item level of expenditures, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Education.

B. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount to 4% of the ensuing year's budget.

C. Property Tax Limitation

The School District is not limited as to the maximum amount of real property taxes which may be raised. However, on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law applies to all local governments, including school districts.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a school district in a particular year. The original legislation that established the Tax Levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

Note 2 - Stewardship, Compliance and Accountability (Continued)

Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of two percent or the annual increase in the consumer price index. Certain adjustments would be permitted as defined by Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation only if the budget is approved by at least 60% of the vote. There are certain exemptions to the tax levy limitation, such as expenditures made on account of certain tort settlements and certain increases in the actuarial contribution rates of the various public employee retirement systems.

D. Cumulative Effect of Change in Accounting Principle

For the year ended June 30, 2015, the School District implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date". These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be used to project benefits payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. As a result of adopting these standards, the district-wide financial statements reflect a cumulative effect for the change in the accounting principle of \$8,591,784.

E. Prior Period Adjustment

The School District, during the 2014-2015 fiscal year, determined that the Special Purpose and Permanent Funds were incorrectly reported as a fiduciary fund in the prior year. Accordingly, both the district-wide and fund financial statements have been adjusted to reflect an increase of \$49,091 and \$1,720,182 in fund balance and net position for the Special Purpose and Permanent Funds.

The School District, during the 2014-2015 fiscal year, adjusted the amount recorded as capital assets in the district-wide financial statements to match its capital asset appraisal report. As a result, a prior period adjustment to reduce capital assets in the amount of \$2,568,419 was necessary.

The cumulative effect of change in accounting principle and total prior period adjustments are summarized as follows:

	District- Wide	Fund Level	
		Special Purpose	Permanent
Net Position/Fund Balance, as reported	\$ (24,771,379)	\$ -	\$ -
Cumulative Effect of Change in Accounting Principle	8,591,784	-	-
Capital Assets	(2,568,419)	-	-
Special Purpose Funds	49,091	49,091	-
Permanent Funds	1,720,182	-	1,720,182
Total Prior Period Adjustments	(799,146)	49,091	1,720,182
Net Position/Fund Balance, as restated	\$ (16,978,741)	\$ 49,091	\$ 1,720,182

Rockville Centre Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2015

Note 2 - Stewardship, Compliance and Accountability (Continued)**F. Capital Projects Fund Deficits**

Deficits totaling \$314,797 for Excel Projects arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the receipt of future State aid.

Note 3 - Detailed Notes on All Funds**A. Investments**

Investments consist of U.S. Equity Securities at fair value. The decrease in fair value for the year ended June 30, 2015 was \$(231,202) and other investment income was \$40,254.

B. Due From/To Other Funds

The composition of interfund balances at June 30, 2015 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Advances</u>
General	\$ 335,285	\$ -	\$ 314,797
Capital Projects	174,780	-	(314,797)
Special Aid	-	877,773	-
Non-Major Governmental	580,373	212,665	-
	<u>\$ 1,090,438</u>	<u>\$ 1,090,438</u>	<u>\$ -</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

C. Capital Assets

Changes in the School District's capital assets are as follows:

<u>Class</u>	<u>Balance July 1, 2014</u>	<u>Prior Period Adjustment</u>	<u>Balance July 1, 2014, as restated</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
Capital Assets, not being depreciated						
Land	\$ 32,038	\$ -	\$ 32,038	\$ -	\$ -	\$ 32,038
Construction-in-Progress	5,676,922	-	5,676,922	14,229,255	5,676,922	14,229,255
Total Capital Assets, not being depreciated	<u>\$ 5,708,960</u>	<u>\$ -</u>	<u>\$ 5,708,960</u>	<u>\$ 14,229,255</u>	<u>\$ 5,676,922</u>	<u>\$ 14,261,293</u>

Rockville Centre Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance July 1, 2014	Prior Period Adjustment	Balance July 1, 2014, as restated	Additions	Deductions	Balance June 30, 2015
Capital Assets, being depreciated						
Buildings and Improvements	\$ 33,915,799	\$ (2,562,660)	\$ 31,353,139	\$ 7,193,109	\$ -	\$ 38,546,248
Improvement other than buildings	18,790	2,792,923	2,811,713	-	-	2,811,713
Machinery and Equipment	7,224,657	(1,175,106)	6,049,551	127,597	-	6,177,148
Total Capital Assets, being depreciated	41,159,246	(944,843)	40,214,403	7,320,706	-	47,535,109
Less Accumulated Depreciation for						
Buildings and Improvements	15,586,246	428,211	16,014,457	1,103,804	-	17,118,261
Improvement other than buildings	11,280	1,286,865	1,298,145	128,123	-	1,426,268
Machinery and Equipment	4,539,819	(91,500)	4,448,319	259,956	-	4,708,275
Total Accumulated Depreciation	20,137,345	1,623,576	21,760,921	1,491,883	-	23,252,804
Total Capital Assets, being Depreciated, net	\$ 21,021,901	\$ (2,568,419)	\$ 18,453,482	\$ 5,828,823	\$ -	\$ 24,282,305
Capital Assets, net	\$ 26,730,861	\$ (2,568,419)	\$ 24,162,442	\$ 20,058,078	\$ 5,676,922	\$ 38,543,598

Depreciation expense was charged to School District functions and programs as follows:

General Support	\$ 1,249,548
Instruction	204,317
Pupil Transportation	30,102
Cost of Food Sales	7,916
Total Depreciation Expense	\$ 1,491,883

D. Accrued Liabilities

Accrued liabilities at June 30, 2015 were as follows:

	Amount
Payroll and Employee Benefits	\$ 333,070

E. Short-Term Non-Capital Borrowings

The schedule below details the changes in short-term non-capital borrowings. These borrowings consisted of notes issued in anticipation of the collection of real property taxes and to meet expenditures for which an insufficient or no provision was made in the 2014-15 adopted budget. The revenue anticipation notes consist of notes issued in anticipation of state aid.

Purpose	Date of Original Issue	Maturity Date	Interest Rate	Balance July 1, 2014	New Issues	Redemptions	Balance June 30, 2015
Tax Anticipation Notes	8/28/14	6/26/15	1.00%	\$ -	\$ 10,000,000	\$ 10,000,000	\$ -

Interest expenditures/expense of \$82,778 for the tax anticipation notes were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Rockville Centre Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2015

Note 3 - Detailed Notes on All Funds (Continued)

F. Short-Term Capital Borrowings

The schedule below details the changes in short-term capital borrowings.

Purpose	Date of Original Issue	Maturity Date	Interest Rate	Balance July 1, 2014	New Issues	Redemptions	Balance June 30, 2015
Bond Anticipation Notes	6/25/14	12/18/14	0.75%	\$ 7,500,000	\$ -	\$ 7,500,000	\$ -

Interest expenditures/expense of \$27,031 for the bond anticipation notes were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

G. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2015:

	Balance July 1, 2014	Cumulative Effect of Change in Accounting Principle	Balance, as Restated July 1, 2014	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2015	Due Within One-Year
Bonds Payable	\$ 10,445,000	\$ -	\$ 10,445,000	\$ 43,570,000	\$ 10,370,000	\$ 43,645,000	\$ 2,185,000
Plus - unamortized premium on bonds	-	-	-	990,453	43,184	947,269	-
	10,445,000	-	10,445,000	44,560,453	10,413,184	44,592,269	2,185,000
Other Non-current Liabilities:							
Energy Performance Contract Debt Payable	2,987,264	-	2,987,264	-	173,768	2,813,496	178,069
Installment Purchase Debt Payable	62,849	-	62,849	81,101	50,377	93,573	38,957
Claims Payable	992,672	-	992,672	973,740	1,048,758	919,654	92,000
Compensated Absences	2,140,504	-	2,140,504	835,476	214,000	2,781,980	276,000
Net Pension Liability	-	1,454,660	1,454,660	-	367,174	1,087,486	-
Other Post Employment Benefit Obligations Payable	44,708,558	-	44,708,558	11,813,145	3,852,398	52,669,305	-
Total Non-current Liabilities	50,891,847	1,454,660	52,346,507	13,703,462	5,704,475	60,345,494	585,026
Total Long-Term Liabilities	\$ 61,336,847	\$ 1,454,660	\$ 62,791,507	\$ 58,263,915	\$ 16,117,659	\$ 104,937,763	\$ 2,770,026

The School District's indebtedness for bonds, energy performance contract debt, installment purchase debt, claims, compensated absences, net pension liability and other post employment benefit obligations is satisfied by the General Fund.

Rockville Centre Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2015

Note 3 - Detailed Notes on All Funds (Continued)**Bonds Payable**

Bonds payable at June 30, 2015 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2015
Construction	2006	6,170,000	October, 2015	4.0 %	\$ 445,000
Construction	2015	35,000,000	June, 2043	2.0 - 4.0	34,725,000
Refunding Bonds	2015	8,570,000	July, 2021	2.0 - 3.0	8,475,000
					<u>\$ 43,645,000</u>

Interest expenditures of \$787,916 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$787,785 was recorded in the district-wide financial statements.

Energy Performance Contract Payable

The School District, in February 2009, entered into a \$3,813,745 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over twelve years, with semi-annual installments of \$123,096 through December 2028. Payments include interest at 2.460%. The contract further provides that the savings in energy costs resulting from these upgrades will equal or exceed the lease payment terms. The balance due at June 30, 2015 was \$2,813,496. Interest expenditures of \$72,425 were recorded in the fund financial statements in the Debt Service Fund and in the district-wide financial statements.

Installment Purchase Debt Payable

The District entered into a lease agreement to finance the costs of certain musical instruments. The terms of this agreement provided for the repayment of the principal amount of \$33,611, in annual installments of \$8,672 through June 2015, including interest at 9.14%. Interest expenditures/expense of \$727 was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

The District entered into a lease agreement to finance the costs of certain musical instruments. The terms of this agreement provided for the repayment of the principal amount of \$17,041, in annual installments of \$4,482 through June 2015, including interest at 9.89%. Interest expenditures/expense of \$404 was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

The District entered into a lease agreement to finance the costs of certain musical instruments. The terms of this agreement provided for the repayment of the principal amount of \$14,507, in annual installments of \$3,815 through June 2016, including interest at 9.89%. Interest expenditures/expense of \$656 was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

The District entered into a lease agreement to finance the costs of certain musical instruments. The terms of this agreement provided for the repayment of the principal amount of \$14,328, in annual installments of \$3,687 through June 2016, including interest at 9.03%. Interest expenditures/expense of \$585 was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

The District entered into a lease agreement to finance the costs of certain musical instruments. The terms of this agreement provided for the repayment of the principal amount of \$23,649, in annual installments of \$6,149 through June 2017, including interest at 9.43%. Interest expenditures/expense of \$1,456 was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

The District entered into a lease agreement to finance the costs of certain band instruments. The terms of this agreement provided for the repayment of the principal amount of \$26,703, in annual installments of \$6,889 through June 2018, including interest at 9.14%. Interest expenditures/expense of \$2,034 was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

The District entered into a lease agreement to finance the costs of certain band instruments. The terms of this agreement provided for the repayment of the principal amount of \$24,829, in annual installments of \$6,406 through June 2019, including interest at 9.14%. Interest expenditures/expense of \$2,257 was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

The District entered into a lease agreement to finance the costs of certain string instruments. The terms of this agreement provided for the repayment of the principal amount of \$7,272, in annual installments of \$1,454 through October 2018, interest free. No interest expenditures/expense was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

The District entered into a lease agreement to finance the costs of a bus. The terms of this agreement provided for the repayment of the principal amount of \$49,000, in annual installments of \$16,943 through July 2016, including interest at 3.89%. No interest expenditures/expense was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Rockville Centre Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all outstanding bonded debt as of June 30, 2015 including interest payments of \$21,023,190 are as follows:

Year Ending June 30,	Bonds		Energy Performance Contract	
	Principal	Interest	Principal	Interest
2016	\$ 2,185,000	\$ 1,317,019	\$ 178,069	\$ 68,124
2017	2,240,000	1,268,569	182,476	63,716
2018	2,310,000	1,223,419	186,993	59,200
2019	2,365,000	1,175,038	191,621	54,571
2020	2,140,000	1,118,188	196,364	49,828
2021-2025	6,715,000	4,872,569	1,057,175	173,787
2026-2030	5,725,000	4,047,794	820,798	40,876
2031-2035	6,720,000	3,116,681	-	-
2036-2040	7,875,000	1,927,381	-	-
2041-2043	5,370,000	434,200	-	-
	<u>\$ 43,645,000</u>	<u>\$ 20,500,858</u>	<u>\$ 2,813,496</u>	<u>\$ 510,102</u>

Year Ending June 30,	Installment Purchase Debt		Total	
	Principal	Interest	Principal	Interest
2016	\$ 38,957	\$ 6,391	\$ 2,402,026	\$ 1,391,534
2017	34,141	3,696	2,456,617	1,335,981
2018	13,148	1,606	2,510,141	1,284,225
2019	7,327	537	2,563,948	1,230,146
2020	-	-	2,336,364	1,168,016
2021-2025	-	-	7,772,175	5,046,356
2026-2030	-	-	6,545,798	4,088,670
2031-2035	-	-	6,720,000	3,116,681
2036-2040	-	-	7,875,000	1,927,381
2041-2043	-	-	5,370,000	434,200
	<u>\$ 93,573</u>	<u>\$ 12,230</u>	<u>\$ 46,552,069</u>	<u>\$ 21,023,190</u>

The above general obligation bonds, energy performance contract debt and installment purchase debt are direct obligations of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

Advanced Refunding

The District issued \$8,570,000 in serial bonds with interest rates ranging from 2.0% to 3.0%. The proceeds were used to refund \$1,100,000 of outstanding 2003 serial bonds, \$4,480,000 of outstanding 2005 serial bonds and \$3,095,000 of outstanding 2006 serial bonds which had interest rates ranging from 4.0% to 4.125%, 3.625% to 4.0% and 4.0%, respectively.

Note 3 - Detailed Notes on All Funds (Continued)

The net proceeds of \$8,872,562 (including a \$389,412 premium and after payment of \$86,850 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. The future debt service payment is to be paid through June 2022. As a result, the 2003 serial bonds, 2005 serial bonds and 2006 serial bonds are considered partially defeased and the liability for those bonds have been removed from the statement of net position.

The net carrying amount of the old debt exceeded the reacquisition price by \$726,561. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The advance refunding reduced its total debt service payments over 8 years by \$614,553 and to obtain an economic gain of \$616,632.

Claims Payable

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

An analysis of unpaid claim liabilities is as follows:

	2015	2014
Unpaid Claims - Beginning of Year	\$ 992,672	\$ 950,695
Incurred Claims including IBNR's	973,740	896,882
Claims Paid	(1,046,758)	(854,905)
Unpaid Claims - End of Year	\$ 919,654	\$ 992,672
Due within One Year	\$ 92,000	\$ 99,000

This amount has been recorded as an expense and liability in the district-wide financial statements.

Compensated Absences

Under the terms of existing collective bargaining agreements, the School District is required to compensate certain employees for accumulated sick leave. For these employees to receive reimbursement, they must be eligible for retirement, and must give notice pursuant to contract provisions. Clerical, custodial employees and administrators are granted vacation in varying amounts, based primarily on length of service and service position. These benefits may be forfeited

Note 3 - Detailed Notes on All Funds (Continued)

if not taken within the varying time periods. The value of the compensated absences has been reflected in the district-wide financial statements.

Pension Plans

Employees' Retirement System

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, 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, which provides death benefits in the form of life insurance. The ERS 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.

The ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. 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 ERS's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2015 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
1 75I	25.0%
2 75I	23.0
3 A14	18.7
4 A15	18.7
5 A15	15.4
6 A15	10.5

At June 30, 2015, the School District reported a liability of \$1,087,486 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 computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At March 31, 2015, the School

Rockville Centre Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2015

Note 3 - Detailed Notes on All Funds (Continued)

District's proportion was .0321909%. For this first year of implementation, the ERS reported no change in the allocation percentage measured as of March 31, 2014.

For the year ended June 30, 2015, the School District recognized pension expense/expenditures of \$1,018,565 and \$1,712,846, respectively. The pension expenditure of \$1,712,846 was charged to the General Fund. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 34,812
Net difference between projected and actual earnings on pension plan investments	188,883
Changes in proportion and differences between School District contributions and proportionate share of contributions	137,520
School District contributions subsequent to the measurement date	<u>423,685</u>
	<u>\$ 784,900</u>

\$423,685 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

<u>Year Ended March 31,</u>	
2016	\$ 90,303
2017	90,303
2018	90,303
2019	90,306

The total pension liability for the March 31, 2015 measurement date was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The total pension liability for the March 31, 2014 measurement date was determined by using an actuarial valuation as of April 1, 2014. Significant actuarial assumptions used in the April 1, 2014 valuation were as follows:

Actuarial cost method	Entry age normal
Inflation	2.7%
Salary scale	4.9%, indexed by service
Investment rate of return	7.5% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.4% annually

Note 3 - Detailed Notes on All Funds (Continued)

Annuitant mortality rates are based on the April 1, 2005 - March 31, 2010 ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale 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.

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 and 2014 are summarized below.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38 %	7.30 %
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return Strategies	3	6.75
Opportunistic Portfolio	3	8.60
Real Assets	3	8.65
Bonds and Mortgages	18	4.00
Cash	2	2.25
Inflation Indexed Bonds	2	4.00
	<u>100 %</u>	

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 determined. Based upon those assumptions, the ERS'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.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, 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 (6.5%) or 1 percentage point higher (8.5%) than the current rate:

Rockville Centre Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2015

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability (asset)	<u>\$ 7,248,565</u>	<u>\$ 1,087,486</u>	<u>\$ (4,113,993)</u>

The components of the collective net pension liability of ERS as of the March 31, 2015 measurement date were as follows:

Total pension liability	\$ 164,591,504,000
ERS fiduciary net position	<u>161,213,259,000</u>
Employers' net pension liability	<u>\$ 3,378,245,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>97.9%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2015 represent the projected employer contribution for the period of April 1, 2015 through June 30, 2015 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2015 were \$423,685.

Teachers' Retirement System

The School District participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, 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 TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

The TRS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rate for the plan's year ending in 2015 was 17.53%.

At June 30, 2015, the School District reported an asset of \$35,112,833 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial

Rockville Centre Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2015

Note 3 - Detailed Notes on All Funds (Continued)

valuation as of that date. The School District's proportion of the net pension asset was based on the School District's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2014, the School District's proportion was .315214%, which was a decrease of .035719% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension expense/expenditure of \$(1,376,900) and \$8,415,778, respectively. The pension expenditure of \$8,415,778 was charged to the General Fund. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 513,461
Net difference between projected and actual earnings on pension plan investments	-	23,582,084
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	47,096
School District contributions subsequent to the measurement date	8,411,137	-
	<u>\$ 8,411,137</u>	<u>\$ 24,142,641</u>

\$8,411,137 reported as deferred outflows of resources related to TRS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

Year Ended June 30,	
2015	\$ 5,960,702
2016	5,960,702
2017	5,960,702
2018	5,960,702
2019	65,181
Thereafter	234,652

The total pension liability for the June 30, 2014 measurement date was determined by using an actuarial valuation as of June 30, 2013, with update procedures used to roll forward the total pension liability to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by using an actuarial valuation as of June 30, 2012, with update procedures used to roll forward the total pension liability to June 30, 2013. These actuarial valuations used the following actuarial assumptions:

Rockville Centre Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2015

Note 3 - Detailed Notes on All Funds (Continued)

Inflation	3.0%															
Projected salary increases	Rates of increase differ based on age and gender. They have been calculated based upon recent TRS member experience.															
	<table><tr><th>Age</th><th>Female</th><th>Male</th></tr><tr><td>25</td><td>10.35 %</td><td>10.91 %</td></tr><tr><td>35</td><td>6.26</td><td>6.27</td></tr><tr><td>45</td><td>5.39</td><td>5.04</td></tr><tr><td>55</td><td>4.42</td><td>4.01</td></tr></table>	Age	Female	Male	25	10.35 %	10.91 %	35	6.26	6.27	45	5.39	5.04	55	4.42	4.01
Age	Female	Male														
25	10.35 %	10.91 %														
35	6.26	6.27														
45	5.39	5.04														
55	4.42	4.01														
Projected COLAs	1.625% compounded annually															
Investment rate of return	8.0% compounded annually, net of pension plan investment expense, including inflation															

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale AA.

The actuarial assumptions used in the June 30, 2013 and 2012 valuations 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. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation dates of June 30, 2013 and 2012 are summarized in the following table:

Asset Class:	Target Allocation		Long-Term Expected Real Rate of Return*	
	2013	2012	2013	2012
Equities:				
Domestic equities	37 %	37 %	7.3 %	7.0 %
International equities	18	18	8.5	9.1
Real estate	10	10	5.0	4.9
Alternative investments	7	7	11.0	10.2
Total Equities	72	72		
Fixed Income:				
Domestic fixed income securities	18	18	1.5	2.0
Global fixed income securities	2	2	1.4	1.7
Mortgages	8	8	3.4	4.0
Short-term	-	-	0.8	1.2
Total Fixed Income	28	28		
Total	100 %	100 %		

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

Note 3 - Detailed Notes on All Funds (Continued)

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, TRS'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.

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

	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
School District's proportionate share of the net pension liability (asset)	\$ (757,433)	\$ (35,112,833)	\$ (64,388,406)

The components of the collective net pension asset of TRS as of the June 30, 2014 measurement date were as follows:

Total pension liability	\$ 97,015,706,548
TRS fiduciary net position	<u>108,155,083,127</u>
Employers' net pension asset	<u>\$ 11,139,376,579</u>
TRS fiduciary net position as a percentage of total pension liability	<u>111.48%</u>

Employer and employee contributions for the year ended June 30, 2015 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2015 represent employee and employer contributions for the fiscal year ended June 30, 2015 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions to TRS as of June 30, 2015 were \$8,812,440.

Other Post Employment Benefit Obligations

The School District provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post-employment health care benefits is shared between the School District and the retired employee. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age

Note 3 - Detailed Notes on All Funds (Continued)

while working for the School District. The cost of retiree health care benefits is recognized as an expenditure/expense as claims are paid.

The School District's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized 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 of the OPEB plan reflect a long-term perspective.

The School District is required to accrue on the district-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the expected rate of return on the School District's general assets. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in post retirement benefits are as follows:

<u>Year Ended June 30,</u>	<u>Non- Medicare</u>	<u>Medicare</u>	<u>Drug</u>
2016	7.50 %	5.40 %	6.50 %
2017	6.75	5.30	6.25
2018	6.25	5.20	6.00
2019	5.75	5.10	5.75
2020	5.50	5.00	5.50
2021	5.25	4.90	5.25
2022	5.00	4.80	5.00
2023+	4.75	4.75	4.75

The amortization basis is the level percentage of payroll basis with an open amortization approach with 23 years remaining in the amortization period. The actuarial assumptions include a 4% discount rate. The School District currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the projected unit credit cost method.

Rockville Centre Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2015

Note 3 - Detailed Notes on All Funds (Continued)

The number of participants as of June 30, 2015 was as follows:

Active Employees	561
Retired Employees	<u>345</u>
Total	<u>906</u>
Amortization Component:	
Actuarial Accrued Liability as of July 1, 2014	\$ 129,877,039
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 129,877,039</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 52,609,920</u>
UAAL as a Percentage of Covered Payroll	<u>246.87%</u>
Annual Required Contribution	\$ 12,925,950
Interest on Net OPEB Obligation	1,775,487
Adjustment to Annual Required Contribution	<u>(2,888,292)</u>
Annual OPEB Cost	11,813,145
Contributions Made	<u>(3,852,398)</u>
Increase in Net OPEB Obligation	7,960,747
Net OPEB Obligation - Beginning of year	<u>44,708,558</u>
Net OPEB Obligation - End of year	<u>\$ 52,669,305</u>

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years is as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 11,813,145	32.61 %	\$ 52,669,305
2014	10,483,680	34.36	44,708,558
2013	10,525,153	34.62	37,826,922

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

Note 3 - Detailed Notes on All Funds (Continued)

G. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

<u>Transfers Out</u>	<u>Transfer In</u>		<u>Total</u>
	<u>Special Aid Fund</u>	<u>Other Governmental Funds</u>	
General Fund	\$ 99,196	\$ 2,730,023	\$ 2,829,219

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Debt Service funds expenditures.

H. Net Position

The components of net position are detailed below:

Net investment in capital assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

Restricted for Retirement Contributions - the component of net position that reports the amounts set aside to be used for retirement costs in accordance with Section 6-r of General Municipal Law.

Restricted for Unemployment Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

Restricted for Special Purposes - the component of net position that reports the difference between assets and liabilities of certain programs with constraints placed on their use by either external parties and/or statute.

Restricted for Permanent Fund - the component of net position that reports the difference between assets and liabilities of the non-expendable trust with constraints placed on their use by either external parties.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Rockville Centre Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2015

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2015			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable				
Inventories	\$ -	\$ -	\$ 5,786	\$ 5,786
Permanent fund	-	-	150,000	150,000
Advances	314,797	-	-	314,797
Total Nonspendable	314,797	-	155,786	470,583
Restricted				
Employee benefit accrued liability	2,761,980	-	-	2,761,980
Retirement contributions	1,941,794	-	-	1,941,794
Unemployment benefits	111,200	-	-	111,200
Debt service	-	-	585,385	585,385
Capital projects	-	17,448,327	-	17,448,327
Special purposes	-	-	46,865	46,865
Permanent fund	-	-	1,349,336	1,349,336
Total Restricted	4,814,974	17,448,327	1,981,586	24,244,887
Assigned				
Purchases on order				
General government support	97,124	-	-	97,124
Instruction	4,538	-	-	4,538
	101,662	-	-	101,662
Subsequent year's expenditures	2,800,000	-	-	2,800,000
School Lunch Fund	-	-	3,129	3,129
Total Assigned	2,901,662	-	3,129	2,904,791
Unassigned	2,975,736	-	-	2,975,736
Total Fund Balance	\$ 11,007,169	\$ 17,448,327	\$ 2,140,501	\$ 30,595,997

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

Advances have been established to indicate the long-term nature of funds advanced to the School Lunch Fund. These funds do not represent "available" spendable resources even though they are a component of current assets.

Employee Benefits Accrued Liability represents funds set aside for the payment of unused sick and vacation time allowance granted in lieu of overtime compensation or other forms of payment for accrued leave time granted upon termination or separation from service.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2015, the Board of Education has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The School District, in common with other School District's, receives numerous notices of claims for monetary damages arising from property damage or personal injury. Of all the claims currently pending, none are expected to have a material effect on the School District's financial position if adversely affected.

B. Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the School District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

C. Operating Leases

The following is a summary of obligations of government activities under operating lease payments:

<u>Year Ended</u> <u>June 30,</u>	
2016	\$ 872,672
2017	674,387
2018	453,137
2019	228,564
Thereafter	3,091

Operating lease payments for the fiscal year ended June 30, 2015 were \$964,611.

D. Risk Management

The Rockville Centre Union Free School District, New York, is exposed to various risks of loss. The School District purchases various insurance coverages from independent third parties to reduce its exposure to loss. In addition to other coverages the School District maintains commercial general liability insurance coverage with policy limits of \$1 million per occurrence. The School District also maintains school board legal and employment practices liability coverage for school board members and employees up to \$1 million per claim and \$2 million in the aggregate and an excess catastrophe liability policy (umbrella) with a limit of \$25 million per occurrence/claim. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District participates in the New York Schools Insurance Reciprocal (NYSIR), a not-for-profit municipally owned insurance company, for its School District property and liability insurance coverage. NYSIR is a New York State licensed and filed insurance company that exclusively insures its member New York public school districts and BOCES'. The School District has essentially transferred its property and liability risk to the reciprocal pool.

The School District participates in the Nassau County Schools Cooperative Workers' Compensation Self-Insured Plan ("Workers' Compensation Plan"), a risk sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risk related to workers' compensation claims. The School District pays an annual assessment determined by the Plan's Board of Trustees. In the event that the plan has insufficient funds to meet its obligations, the Plan's Board of Trustees may issue supplemental assessments to the Plan's members. Plan members who withdraw or are terminated from the Plan's membership will assume responsibilities for all open and unpaid claims associated with them. The Workers' Compensation Plan's total discounted liability for unbilled and open claims at June 30, 2015 was \$16,537,359 with the discount rate of 1%. The Workers' Compensation Plan has assets of \$16,810,693 at June 30, 2015 to pay these liabilities. The School District's share of the total liability discounted at 1% for incurred but unpaid claims and incurred but not reported claims is \$1,505,230. The School District also maintained reserves of \$585,576 with the public school entity risk pool resulting in a net long-term liability of \$919,654.

Rockville Centre Union Free School District, New York

Notes to Financial Statements (Concluded)
June 30, 2015

Note 5 - Subsequent Events

The School District Issued \$8,000,000 in tax anticipation notes on August 25, 2015 maturing on June 24, 2016 with interest at 2%.

Rockville Centre Union Free School District, New York

Required Supplementary Information - Schedule of Funding Progress

Other Post Employment Benefits

Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2012	\$ -	\$ 117,321,160	\$ 117,321,160	- %	\$ 54,278,950	216.14 %
July 1, 2013	-	117,321,160	117,321,160	-	50,636,893	231.69
July 1, 2014	-	129,877,039	129,877,039	-	52,609,920	246.87

Rockville Centre Union Free School District, New York

Required Supplementary Information - Schedule of the
School District's Proportionate Share of the Net Pension Liability
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)

	2015
School District's proportion of the net pension liability (asset)	0.315214%
School District's proportionate share of the net pension liability (asset)	\$ (35,112,833)
School District's covered-employee payroll	\$ 48,457,852
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(72.46)%
Plan fiduciary net position as a percentage of the total pension liability	111.48%

Note - The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Rockville Centre Union Free School District, New York**Required Supplementary Information - Schedule of Contributions
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)**

	<u>2015</u>
Contractually required contribution	\$ 8,411,137
Contributions in relation to the contractually required contribution	<u>(8,411,137)</u>
Contribution deficiency (excess)	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 48,457,852</u>
Contributions as a percentage of covered-employee payroll	<u>17.36%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Rockville Centre Union Free School District, New York

Required Supplementary Information - Schedule of the
School District's Proportionate Share of the Net Pension Liability
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	2015
School District's proportion of the net pension liability (asset)	0.0321909%
School District's proportionate share of the net pension liability (asset)	\$ 1,087,486
School District's covered-employee payroll	\$ 9,616,605
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.31%
Plan fiduciary net position as a percentage of the total pension liability	97.90%

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Rockville Centre Union Free School District, New York

Required Supplementary Information - Schedule of Contributions
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	<u>2015</u>
Contractually required contribution	\$ 1,746,953
Contributions in relation to the contractually required contribution	<u>(1,746,953)</u>
Contribution deficiency (excess)	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 9,616,605</u>
Contributions as a percentage of covered-employee payroll	<u>18.17%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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Rockville Centre Union Free School District, New York

General Fund
Balance Sheet
June 30, 2015

ASSETS

Cash and equivalents	\$ 16,634,560
Receivables	
Taxes	1,753,338
Accounts	435,239
State and Federal aid	1,156,220
Due from other governments	869,460
Advances to other funds	314,797
Due from other funds	335,285
	<u>4,864,339</u>
Total Assets	<u>\$ 21,498,899</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts payable	\$ 156,539
Accrued liabilities	329,512
Due to other governments	414,799
Due to retirement systems	9,236,125
Unearned revenues	354,755
	<u>10,491,730</u>
Fund balance	
Nonspendable	314,797
Restricted	4,814,974
Assigned	2,901,662
Unassigned	2,975,736
	<u>11,007,169</u>
Total Fund Balance	<u>11,007,169</u>
Total Liabilities and Fund Balance	<u>\$ 21,498,899</u>

Rockville Centre Union Free School District, New York

General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
REVENUES					
Real property taxes	\$ 81,498,583	\$ 81,498,583	\$ 81,456,587	\$	\$ (41,996)
Other tax items	7,971,417	7,971,417	8,125,940		154,523
Charges for services	2,814,402	2,814,402	3,585,267		770,865
Use of money and property	95,000	95,000	129,449		34,449
Sale of property and compensation for loss	25,000	25,000	20,884		(4,116)
State aid	7,782,414	7,782,414	9,297,778		1,515,364
Federal aid	25,000	25,000	2,128		(22,872)
Miscellaneous	124,938	124,938	545,223		420,285
Total Revenues	100,336,754	100,336,754	103,163,256		2,826,502
EXPENDITURES					
Current					
General support					
Board of education	183,895	120,802	89,040	-	31,762
Central administration	530,909	551,314	551,314	-	-
Finance	1,082,577	1,108,616	1,108,616	-	-
Staff	810,222	501,662	501,662	-	-
Central services	6,508,805	5,442,849	5,345,725	97,124	-
Special items	930,000	884,747	884,747	-	-
Total General Support	10,046,408	8,609,990	8,481,104	97,124	31,762
Instruction					
Instruction, administration and improvement	4,032,272	3,961,014	3,961,014	-	-
Teaching - Regular school	37,160,263	37,597,521	37,595,974	1,547	-
Programs for children with handicapping conditions	10,421,723	10,910,340	10,910,340	-	-
Occupational education	270,000	204,416	204,416	-	-
Teaching - Special schools	895,375	746,047	746,047	-	-
Instructional media	2,711,764	2,977,372	2,974,381	2,991	-
Pupil services	5,732,532	5,490,974	5,490,974	-	-
Total Instruction	61,223,929	61,887,684	61,883,146	4,538	-
Pupil transportation	4,150,989	3,702,071	3,702,071	-	-
Community services	192,950	111,547	111,547	-	-
Employee benefits	24,489,400	26,375,497	26,375,497	-	-
Debt service					
Principal	69,481	50,377	50,377	-	-
Interest	210,000	117,928	117,928	-	-
Total Expenditures	100,383,157	100,855,094	100,721,670	101,662	31,762
Excess (Deficiency) of Revenues Over Expenditures	(46,403)	(518,340)	2,441,586	(101,662)	2,858,264
OTHER FINANCING USES					
Transfers out	(2,813,174)	(2,831,259)	(2,829,219)	-	2,040
Net Change in Fund Balance	(2,859,577)	(3,349,599)	(387,633)	\$ (101,662)	\$ 2,860,304
FUND BALANCE					
Beginning of Year	2,859,577	3,349,599	11,394,802		
End of Year	\$ -	\$ -	\$ 11,007,169		

Rockville Centre Union Free School District, New York

Capital Projects Fund
Balance Sheet
June 30, 2015

ASSETS

Cash and equivalents	\$ 19,711,676
Due from other funds	<u>174,780</u>
Total Assets	<u><u>\$ 19,886,456</u></u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 2,123,332
Advances from other funds	<u>314,797</u>
Total Liabilities	2,438,129

Fund balance

Restricted	<u>17,448,327</u>
Total Liabilities and Fund Balance	<u><u>\$ 19,886,456</u></u>

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Rockville Centre Union Free School District, New York

Capital Projects Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
Year Ended June 30, 2015

REVENUES

State aid	\$ 41,974
Miscellaneous	<u>12,818</u>
Total Revenues	54,792

EXPENDITURES

Capital outlay	<u>15,745,441</u>
Deficiency of Revenues Over Expenditures	<u>(15,690,649)</u>

OTHER FINANCING SOURCES

Serial bonds issued	35,000,000
Installment purchase debt issued	<u>81,101</u>
Total Other Financing Sources	<u>35,081,101</u>

Net Change in Fund Balance	19,390,452
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FUND BALANCE (DEFICIT)

Beginning of Year	<u>(1,942,125)</u>
End of Year	<u>\$ 17,448,327</u>

Rockville Centre Union Free School District, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2015

PROJECT	Authorization	Expenditures and Transfers to Date			Unexpended Balance
		Prior Years	Current Year	Total	
EXCEL Projects					
SSMS - Locker Room	\$ 60,500	\$ 60,500	\$ -	\$ 60,500	\$ -
South Side Middle School	264,234	264,234	-	264,234	-
Wilson - Front Portico	97,340	97,340	-	97,340	-
Wilson Elementary School	44,433	44,433	-	44,433	-
Hewitt Elementary School	276,028	276,028	-	276,028	-
Covert Elementary School	104,724	104,724	-	104,724	-
Districtwide Electrical	705,184	705,184	-	705,184	-
2015 EXCEL Projects	23,486	23,486	-	23,486	-
2013 Bond Issue	45,649,253	2,480,621	15,240,463	17,721,084	27,928,169
2012-2013 Transfer to Capital	820,000	813,264	6,736	820,000	-
2013-2014 Transfer to Capital	1,000,000	376,577	152,033	528,610	471,390
Energy Performance Contracts					
Riverside Elementary School	210,220	182,004	28,216	210,220	-
South Side Middle School	482,522	459,677	22,845	482,522	-
Wilson Elementary School	215,311	180,176	35,135	215,311	-
South Side High School	885,941	811,913	74,028	885,941	-
Hewitt Elementary School	633,220	622,718	10,502	633,220	-
Covert Elementary School	194,917	154,620	40,297	194,917	-
Administration Building	153,655	127,187	26,468	153,655	-
Floyd B Watson Elementary	259,448	231,831	27,617	259,448	-
Installment Purchase Contract	81,101	-	81,101	81,101	-
Totals	<u>\$ 52,161,517</u>	<u>\$ 8,016,517</u>	<u>\$ 15,745,441</u>	<u>\$ 23,761,958</u>	<u>\$ 28,399,559</u>

Proceeds of Obligations	Methods of Financing				Fund Balance (Deficit) at June 30, 2015
	Transfers	State and Federal Aid	Other	Totals	
\$ -	\$ -	\$ 48,425	\$ -	\$ 48,425	\$ (12,075)
-	-	188,575	-	188,575	(75,659)
-	-	77,655	-	77,655	(19,685)
-	-	31,710	-	31,710	(12,723)
-	-	196,991	-	196,991	(79,037)
-	-	74,739	-	74,739	(29,985)
-	-	643,037	-	643,037	(62,147)
-	-	-	-	-	(23,486)
35,000,000	-	-	12,818	35,012,818	17,291,734
-	820,000	-	-	820,000	-
-	1,000,000	-	-	1,000,000	471,390
210,220	-	-	-	210,220	-
482,522	-	-	-	482,522	-
215,311	-	-	-	215,311	-
885,941	-	-	-	885,941	-
633,220	-	-	-	633,220	-
194,917	-	-	-	194,917	-
153,655	-	-	-	153,655	-
259,448	-	-	-	259,448	-
81,101	-	-	-	81,101	-
<u>\$ 38,116,335</u>	<u>\$ 1,820,000</u>	<u>\$ 1,261,132</u>	<u>\$ 12,818</u>	<u>\$ 41,210,285</u>	<u>\$ 17,448,327</u>

Rockville Centre Union Free School District, New York

Special Aid Fund
Balance Sheet
June 30, 2015

ASSETS

Cash and equivalents	\$	344,516
State and Federal aid receivable		<u>643,881</u>
Total Assets	\$	<u>988,397</u>

LIABILITIES

Accounts payable	\$	38,565
Accrued liabilities		1,958
Due to other funds		877,773
Unearned revenues		<u>70,101</u>
Total Liabilities	\$	<u>988,397</u>

Rockville Centre Union Free School District, New York

Special Aid Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
State aid	\$ 262,854	\$ 262,854	\$ 254,582	\$ (8,272)
Federal aid	1,268,858	1,571,187	1,266,717	(304,470)
Miscellaneous	72,937	72,937	72,937	-
Total Revenues	1,604,649	1,906,978	1,594,236	(312,742)
EXPENDITURES				
Current				
Instruction	1,641,580	1,943,909	1,633,349	310,560
Pupil transportation	63,069	63,069	60,083	2,986
Total Expenditures	1,704,649	2,006,978	1,693,432	313,546
Deficiency of Revenues Over Expenditures	(100,000)	(100,000)	(99,196)	804
OTHER FINANCING SOURCES				
Transfers in	100,000	100,000	99,196	(804)
Net Change in Fund Balance	-	-	-	-
FUND BALANCE				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

Rockville Centre Union Free School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

	School Lunch	Special Purpose	Permanent
ASSETS			
Cash and equivalents	\$ 237,012	\$ 46,865	\$ 246,986
Investments	-	-	1,252,350
Receivables			
State and Federal aid	19,431	-	-
Due from other funds	-	-	-
	19,431	-	-
Inventories	5,786	-	-
Total Assets	<u>\$ 262,229</u>	<u>\$ 46,865</u>	<u>\$ 1,499,336</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accrued liabilities	\$ 1,600	\$ -	\$ -
Due to other governments	398	-	-
Due to other funds	212,665	-	-
Unearned revenues	38,651	-	-
Total Liabilities	<u>253,314</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	5,786	-	150,000
Restricted	-	46,865	1,349,336
Assigned	3,129	-	-
Total Fund Balances	<u>8,915</u>	<u>46,865</u>	<u>1,499,336</u>
Total Liabilities and Fund Balances	<u>\$ 262,229</u>	<u>\$ 46,865</u>	<u>\$ 1,499,336</u>

<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>
\$ 5,012	\$ 535,875
-	1,252,350
-	19,431
580,373	580,373
580,373	599,804
-	5,786
<u>\$ 585,385</u>	<u>\$ 2,393,815</u>
\$ -	\$ 1,600
-	398
-	212,665
-	38,651
-	253,314
-	155,786
585,385	1,981,586
-	3,129
585,385	2,140,501
<u>\$ 585,385</u>	<u>\$ 2,393,815</u>

Rockville Centre Union Free School District, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2015

	School Lunch	Special Purpose	Permanent
REVENUES			
Use of money and property	\$ 122	\$ 49	\$ (190,948)
State aid	12,258	-	-
Federal aid	283,846	-	-
Food sales	502,224	-	-
Miscellaneous	-	1,500	-
Total Revenues	798,450	1,549	(190,948)
EXPENDITURES			
Current			
Cost of food sales	825,089	-	-
Other	-	3,775	29,898
Debt service			
Refunding bond issuance costs	-	-	-
Principal	-	-	-
Interest	-	-	-
Total Expenditures	825,089	3,775	29,898
Deficiency of Revenues Over Expenditures	(26,639)	(2,226)	(220,846)
OTHER FINANCING SOURCES (USES)			
Payment to refunding bond escrow agent	-	-	-
Refunding bonds issued	-	-	-
Issuance premium	-	-	-
Transfers in	-	-	-
Total Other Financing Sources	-	-	-
Net Change in Fund Balances	(26,639)	(2,226)	(220,846)
FUND BALANCES			
Beginning of Year, as reported	35,554	-	-
Prior Period Adjustment	-	49,091	1,720,182
Beginning of Year, as restated	35,554	49,091	1,720,182
End of Year	\$ 8,915	\$ 46,865	\$ 1,499,336

Debt Service	Total Non-Major Governmental Funds
\$ 61,148	\$ (129,629)
-	12,258
-	283,846
-	502,224
-	1,500
61,148	670,199
-	825,089
-	33,673
629,352	629,352
1,868,768	1,868,768
860,341	860,341
3,358,461	4,217,223
(3,297,313)	(3,547,024)
(8,872,562)	(8,872,562)
8,570,000	8,570,000
990,453	990,453
2,730,023	2,730,023
3,417,914	3,417,914
120,601	(129,110)
464,784	500,338
-	1,769,273
464,784	2,269,611
\$ 585,385	\$ 2,140,501

Rockville Centre Union Free School District, New York

School Lunch Fund
Balance Sheet
June 30, 2015

ASSETS

Cash and equivalents	\$ 237,012
State and Federal aid receivable	19,431
Inventories	<u>5,786</u>
Total Assets	<u><u>\$ 262,229</u></u>

LIABILITIES AND FUND BALANCE

Liabilities

Accrued liabilities	\$ 1,600
Due to other governments	398
Due to other funds	212,665
Unearned revenues	<u>38,651</u>
Total Liabilities	<u>253,314</u>

Fund balance

Nonspendable	5,786
Assigned	<u>3,129</u>

Total Fund Balance	<u>8,915</u>
--------------------	--------------

Total Liabilities and Fund Balance	<u><u>\$ 262,229</u></u>
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Rockville Centre Union Free School District, New York

School Lunch Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
Year Ended June 30, 2015

REVENUES

Use of money and property	\$ 122
State aid	12,258
Federal aid	283,846
Food sales	<u>502,224</u>
Total Revenues	798,450

EXPENDITURES

Current	
Cost of food sales	<u>825,089</u>
Deficiency of Revenues Over Expenditures	(26,639)

FUND BALANCE

Beginning of Year	<u>35,554</u>
End of Year	<u><u>\$ 8,915</u></u>

Rockville Centre Union Free School District, New York

Special Purpose Fund

Balance Sheet

June 30, 2015

ASSETS

Cash and equivalents	\$ 46,865
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FUND BALANCE

Restricted	\$ 46,865
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Rockville Centre Union Free School District, New York

Special Purpose Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
Year Ended June 30, 2015

REVENUES

Use of money and property	\$ 49
Miscellaneous	<u>1,500</u>
Total Revenues	1,549

EXPENDITURES

Current	
Other	<u>3,775</u>
Deficiency of Revenues Over Expenditures	(2,226)

FUND BALANCE

Beginning of Year, as reported	-
Prior Period Adjustment	<u>49,091</u>
Beginning of Year, as restated	<u>49,091</u>
End of Year	<u><u>\$ 46,865</u></u>

Rockville Centre Union Free School District, New York

Permanent Fund
Balance Sheet
June 30, 2015

ASSETS

Cash and equivalents	\$ 246,986
Investments	<u>1,252,350</u>
Total Assets	<u>\$ 1,499,336</u>

FUND BALANCE

Nonspendable	\$ 150,000
Restricted	<u>1,349,336</u>
	<u>\$ 1,499,336</u>

Rockville Centre Union Free School District, New York

Permanent Fund

Statement of Revenues, Expenditures and

Changes in Fund Balance

Year Ended June 30, 2015

REVENUES

Use of money and property	\$ (190,948)
---------------------------	--------------

EXPENDITURES

Current

Other	<u>29,898</u>
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Deficiency of Revenues Over Expenditures	<u>(220,846)</u>
--	------------------

FUND BALANCE

Beginning of Year, as reported	-
--------------------------------	---

Prior Period Adjustment	<u>1,720,182</u>
-------------------------	------------------

Beginning of Year, as restated	<u>1,720,182</u>
--------------------------------	------------------

End of Year	<u><u>\$ 1,499,336</u></u>
-------------	----------------------------

Rockville Centre Union Free School District, New York

Debt Service Fund
Balance Sheet
June 30, 2015

ASSETS

Cash and equivalents	\$ 5,012
Due from other funds	<u>580,373</u>
Total Assets	<u><u>\$ 585,385</u></u>

FUND BALANCE

Restricted	<u><u>\$ 585,385</u></u>
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Rockville Centre Union Free School District, New York

Debt Service Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
Year Ended June 30, 2015

REVENUES

Use of money and property	\$ 61,148
---------------------------	-----------

EXPENDITURES

Debt service

Bond issuance costs	629,352
---------------------	---------

Principal

Serial bonds	1,695,000
--------------	-----------

Energy performance contract debt	173,768
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	1,868,768
--	-----------

Interest

Serial bonds	787,916
--------------	---------

Energy performance contract debt	72,425
----------------------------------	--------

	860,341
--	---------

Total Expenditures	3,358,461
--------------------	-----------

Deficiency of Revenues

Over Expenditures	(3,297,313)
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OTHER FINANCING SOURCES (USES)

Payment to refunding bond escrow agent	(8,872,562)
--	-------------

Refunding bonds issued	8,570,000
------------------------	-----------

Issuance premium	990,453
------------------	---------

Transfers in	2,730,023
--------------	-----------

Total Other Financing Sources	3,417,914
-------------------------------	-----------

Net Change in Fund Balance	120,601
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FUND BALANCE

Beginning of Year	464,784
-------------------	---------

End of Year	\$ 585,385
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Rockville Centre Union Free School District, New York

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2015

Adopted Budget	\$ 103,136,754
Additions	
Encumbrances	<u>59,577</u>
Original Budget	103,196,331
Budget Amendments	<u>490,022</u>
Final Budget	<u><u>\$ 103,686,353</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

Year Ended June 30, 2015 Section 1318 of Real Property Tax Law Limit Calculation

2015-16 Expenditure Budget	\$ <u>107,078,660</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned	2,901,662
Unassigned	<u>2,975,736</u>
Total Unrestricted Fund Balance	<u>5,877,398</u>
Less	
Appropriated for subsequent year's budget	2,800,000
Encumbrances	<u>101,662</u>
Total Adjustments	<u><u>2,901,662</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,975,736</u></u>
Actual Percentage	<u><u>2.78%</u></u>

Rockville Centre Union Free School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2015

Capital Assets, net		\$	38,543,598
Add			
Unamortized portion of loss on refunding bonds	181,098		
Unexpended debt proceeds	<u>17,278,916</u>		<u>17,460,014</u>
Less			
Bonds payable	43,645,000		
Energy performance contract debt payable	2,813,496		
Installment purchase debt payable	93,573		
Unamortized portion of premium on refunding bonds	<u>947,269</u>		<u>(47,499,338)</u>
Net Investment in Capital Assets		\$	<u>8,504,274</u>

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**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**

Independent Auditors' Report

**The Board of Education of the
Rockville Centre Union Free School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Rockville Centre Union Free School District, New York ("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, and have issued our report thereon dated October 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

We noted certain matters that we reported to the management of the School District in a separate letter.

Purpose of this Report

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

A handwritten signature in black ink that reads "O'Connor Davies, LLP". The signature is written in a cursive, flowing style.

O'Connor Davies, LLP

Harrison, New York

October 9, 2015

**Report on Compliance For Each Major Federal Program and
Report on Internal Control Over Compliance**

Independent Auditors' Report

**The Board of Education of the
Rockville Centre Union Free School District, New York**

Report on Compliance for Each Major Federal Program

We have audited the Rockville Centre Union Free School District, New York's ("School District") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2015. The School District's major federal programs are identified in the summary of auditors' 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 each of the 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 the 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 the School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 the 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.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
October 9, 2015

Rockville Centre Union Free School District, New York

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015**

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Indirect Programs - Passed through New York State Department of Education		
<i>Child Nutrition Cluster</i>		
School Breakfast Program	10.553	\$ 40,980
National School Lunch Program (NSLP) - Commodities	10.555	48,765
National School Lunch Program (NSLP) - Cash	10.555	194,101
Total U.S. Department of Agriculture		<u>283,846</u>
<u>U.S. Department of Education</u>		
Indirect Programs - Passed through New York State Department of Education		
<i>Special Education Cluster (IDEA)</i>		
Special Education - Grants to States (IDEA, Part B)	84.027	834,393
Special Education - Preschool Grants (IDEA Preschool)	84.173	29,338
		<u>863,731</u>
Title I Grants to Local Educational Agencies (Title I, Part of the ESEA)	84.010	234,975
English Language Acquisition State Grants	84.365	13,880
Improving Teacher Quality State Grants	84.367	71,974
Direct Program		
Fund for the Improvement of Education	84.215	<u>82,157</u>
Total U.S. Department of Education		<u>1,266,717</u>
Total		<u>\$ 1,550,563</u>

(1) Catalog of Federal Domestic Assistance number.

The accompanying notes are an integral part of this schedule.

Rockville Centre Union Free School District, New York

Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal grant activity of the Rockville Centre Union Free School District, New York's ("School District") under programs of the federal government for the year ended June 30, 2015. Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, which establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts and other agreements with State and local governments.

Finding 2014-001: Percentage Salary Charged to Grants

U.S. Department of Education – Passed-through NYS Education Department

CFDA No. 84.027 – Special Education Grants to States (IDEA, Part B)
84.173 – Special Education Preschool Grants (IDEA Preschool)

Criteria:

According to OMB Circular A-87, employees working on Federal grants are required to complete, at least monthly, personnel activity reports, commonly referred to as A-87s, to substantiate the percentage of salaries and wages charged to the grants. The actual percentage of salary charged to the grants should agree to or be less than the percentage of time attested to by the employee.

Condition:

Twenty-seven payroll transactions charged to the grants referenced above. The sample consisted of fourteen employees who were paid in two separate pay periods (thirteen employees were paid in both pay periods and one employee was paid in only one of the pay periods). We noted for six of the transactions the actual percentage of salary charged to the grants exceeded the percentage of time attested to by the employee. While we understand the total salary charged to the grant did not exceed the approved budget, the personnel activity reports should be updated based on actual salary paid. The total salary of the three employees charged to the grants for the year was \$51,545.

Cause:

The District did not adequately verify the personnel activity reports for all employees working on Federal grants were not supported in compliance with OMB Circular A-87.

Effect:

The District's salaries in the Federal funds were not supported in compliance with OMB Circular A-87.

Recommendation:

We recommend the District review the salaries charged to the grant on a monthly basis to ensure the District obtains a properly completed personnel activity report for all employees working on Federal grants to substantiate salaries charged to grants and to be in compliance with OMB Circular A-87.

Status:

The condition has been corrected.

Rockville Centre Union Free School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes ☒ No
☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes ☒ No
☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

☐ Yes ☒ No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027
84.173

Special Education Cluster:
Special Education Grants to States
Special Education Preschool Grants

Dollar threshold used to distinguish between Type A and Type B programs:
Auditee qualified as low-risk auditee?

\$300,000
☒ Yes ☐ No

Rockville Centre Union Free School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None