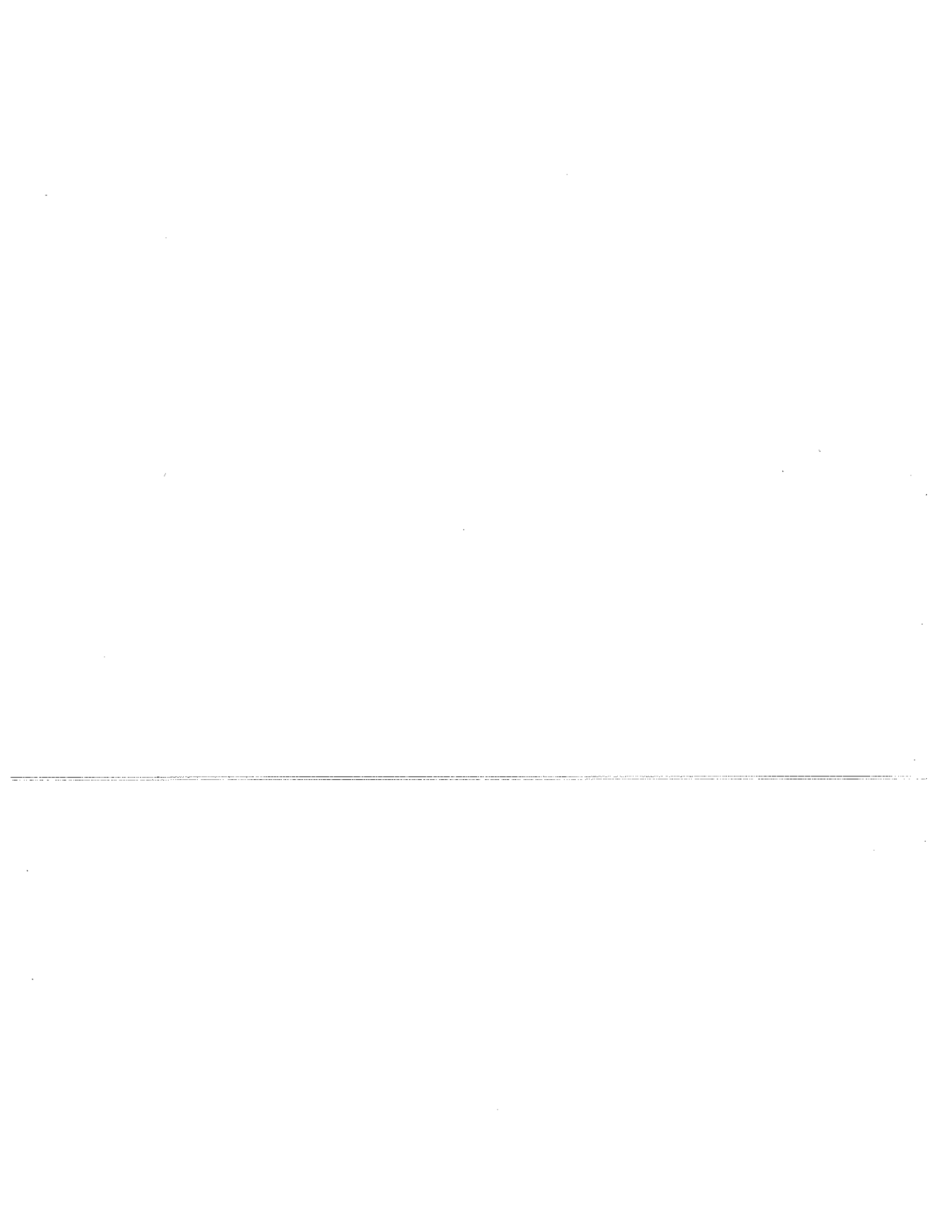


**Rockville Centre Union Free  
School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2016



# Rockville Centre Union Free School District, New York

## Table of Contents

---

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of Governmental Funds Balance Sheet to the District- Wide Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Aid funds	22
Statement of Assets and Liabilities - Fiduciary Fund	24
Notes to Financial Statements	25
Required Supplemental Information	
Other Post Employment Benefits	
Schedule of Funding Progress - Last Three Fiscal Years	56
New York State Teachers' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Asset	57
Schedule of Contributions	58
New York State and Local Employees Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability	59
Schedule of Contributions	60
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	61
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	62
Capital Projects Fund	
Comparative Balance Sheet	64
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	65
Project-Length Schedule	66
Special Aid Fund	
Comparative Balance Sheet	68
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	69

## Rockville Centre Union Free School District, New York

### Table of Contents (Concluded)

---

	<u>Page No.</u>
Non-Major Governmental Funds	
Combining Balance Sheet	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	73
School Lunch Fund	
Comparative Balance Sheet	75
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	76
Special Purpose Fund	
Comparative Balance Sheet	77
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	78
Permanent Fund	
Comparative Balance Sheet	79
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	80
Debt Service Fund	
Comparative Balance Sheet	81
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	82
Supplementary Information	
Analysis of Change from Adopted Budget to Final Budget	86
Section 1318 of Real Property Tax Law Limit Calculation	83
Schedule of Net Investment in Capital Assets	84
Federal Programs	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	85
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	87
Schedule of Expenditures of Federal Awards	89
Notes to Schedule of Expenditures of Federal Awards	90
Summary Schedule of Prior Audit Findings	91
Schedule of Findings and Questioned Costs	92



## 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, 2016, 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, 2016, 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.

## **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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* 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 6, 2016 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.

*PKF O'Connor Davies, LLP*  
PKF O'Connor Davies, LLP  
Harrison, New York  
October 6, 2016

## Rockville Centre Union Free School District

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

---

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, 2016. 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 \$900,000 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 17, 2016, the proposed 2016-2017 budget in the amount of \$109,482,695 was authorized by the District's residents.
- 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 \$3,022,718 or 2.76%, and therefore within the statutory limit.
- Also noteworthy on the district-wide financial statements for the year ended June 30, 2016, is the provisions of GASB Statement No. 68. This pronouncement established accounting and financial reporting requirements associated with the School 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 these 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, 2016, the School District reported in its Statement of Net Position a liability of \$5,258,189 for its proportionate share of the ERS net pension liability, while also reporting a pension asset of \$33,177,675 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,E 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 \$901,618 in the fiscal year ended June 30, 2016 as detailed below.

**Condensed Statement of Net Position - Governmental Activities**

	Fiscal Year 2016	Fiscal Year 2015	Increase (Decrease)	Total Percentage Change
Current assets and other assets	\$ 24,224,517	\$ 43,362,332	\$ (19,137,815)	-44.13%
Net pension asset	33,177,675	35,112,833	(1,935,158)	-5.51%
Capital assets, net	55,189,210	38,543,598	16,645,612	43.19%
<b>Total Assets</b>	<b>112,591,402</b>	<b>117,018,763</b>	<b>(4,427,361)</b>	
 Deferred outflows of Resources	 11,984,827	 9,377,135	 2,607,692	 27.81%
 <b>Total Assets and Deferred Outflows of Resources</b>	 <b>\$ 124,576,229</b>	 <b>\$ 126,395,898</b>	 <b>\$ (1,819,669)</b>	 <b>-1.44%</b>
 Current liabilities	\$ 11,869,410	\$ 12,913,691	\$ (1,044,281)	-8.09%
Long-term liabilities	115,199,960	104,937,763	10,262,197	9.78%
<b>Total Liabilities</b>	<b>127,069,370</b>	<b>117,851,454</b>	<b>9,217,916</b>	
 Deferred Inflows of Resources	 12,203,438	 24,142,641	 (11,939,203)	 <b>-49.45%</b>
 <b>Net Position</b>				
Net Investment in capital assets	10,290,045	8,504,274	1,785,771	21.00%
Restricted	2,667,690	3,319,452	(651,762)	-19.63%
Unrestricted (Deficit)	(27,654,314)	(27,421,923)	(232,391)	0.85%
<b>Total Net Position (Deficit)</b>	<b>(14,696,579)</b>	<b>(15,598,197)</b>	<b>901,618</b>	
 <b>Total Liabilities and Net Position</b>	 <b>\$ 124,576,229</b>	 <b>\$ 126,395,898</b>	 <b>\$ (1,819,669)</b>	 <b>-1.44%</b>

Current assets and other assets decreased by \$19,137,815 primarily due to the utilization of cash related to proceeds from the District's borrowing to finance School Improvement Bond projects. This is reflected in the increase in capital assets of \$16,645,612 during fiscal year ended June 30, 2016. The net pension asset in the amount of \$33,177,675 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 \$1,044,281 primarily due to a decrease in the district's pension liabilities. The net pension liability of \$5,258,197 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 \$10,262,197 primarily due to 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 \$12,203,438 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 \$10,290,045 and the items of net position subject to external restrictions total \$2,667,690. There is an unrestricted net deficit of \$27,654,314 which must be financed from future operations.

Overall, the District's total net position increased by \$901,618.

## Changes in Net Position

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

	Fiscal Year 2016	Fiscal Year 2015	Increase (Decrease)	Total Percentage Change
<b>Revenues</b>				
<b>Program Revenues</b>				
Charges for services	\$ 4,207,937	\$ 4,132,466	\$ 75,471	1.8%
Operating grants and Contributions	2,573,922	2,223,343	350,579	15.8%
Capital grants and Contributions	252,977	115,940	137,037	118.2%
<b>Total Program Revenues</b>	<b>7,034,836</b>	<b>6,471,749</b>	<b>563,087</b>	<b>8.7%</b>
<b>General Revenues</b>				
Real Property Taxes	83,552,626	81,456,587	2,096,039	2.6%
Other tax items	8,548,615	8,125,940	422,675	5.2%
Unrestricted Use of Money and Property	93,865	66,165	27,700	41.9%
Sale of property and compensation for loss	49,721	20,884	28,837	138.1%
Unrestricted State aid	8,711,060	8,860,547	(149,487)	-1.7%
Other	436,489	478,252	(41,763)	-8.7%
<b>Total General Revenues</b>	<b>101,392,376</b>	<b>99,008,375</b>	<b>2,384,001</b>	<b>2.4%</b>
<b>Total Revenues</b>	<b>108,427,212</b>	<b>105,480,124</b>	<b>2,947,088</b>	<b>2.8%</b>
<b>Program Expenses</b>				
General support	12,916,912	12,289,294	627,618	5.1%
Instruction	88,101,039	85,718,305	2,382,734	2.8%
Pupil transportation	4,119,859	4,159,162	(39,303)	-0.9%
Community services	84,271	111,547	(27,276)	-24.5%
Cost of Food Sales	810,625	809,461	1,164	0.1%
Other	39,712	33,673	6,039	17.9%
Interest	1,453,176	978,138	475,038	48.6%
<b>Total Expenses</b>	<b>107,525,594</b>	<b>104,099,580</b>	<b>3,426,014</b>	<b>3.3%</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 901,618</b>	<b>\$ 1,380,544</b>	<b>\$ (478,926)</b>	<b>-34.7%</b>

The District's fiscal year 2016 revenues totaled \$108,427,212. 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 \$107,525,594 for fiscal year 2016. These expenses are predominantly related to general instruction and caring for (pupil services) and transporting students.

As seen above, governmental activities increased the District's net position by \$901,618 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 2016	Fiscal Year 2015	Increase (Decrease)	Total % Change
<b>General Fund</b>				
Prepaid expenditures	\$ 17,037	\$ -	\$ 17,037	100.0%
Nonspendable for advances	264,174	314,797	(50,623)	-16.1%
Restricted for employee benefit accrued liabilities	2,765,189	2,761,980	3,209	0.1%
Restricted for retirement contributions	1,570,343	1,941,794	(371,451)	-19.1%
Restricted for unemployment insurance	111,632	111,200	432	0.4%
Assigned-designated for subsequent year's expenditures	2,800,000	2,800,000	-	-
Assigned-purchases on order-general support	80,095	97,124	(17,029)	-17.5%
Assigned-purchases on order-instruction	15,111	4,538	10,573	233.0%
Unassigned	3,022,718	2,975,736	46,982	1.6%
<b>Total Fund Balance - General Fund</b>	<b>\$ 10,646,299</b>	<b>\$ 11,007,169</b>	<b>\$ (360,870)</b>	<b>-3.3%</b>
<b>School Lunch Fund</b>				
Nonspendable for inventory	\$ 7,197	\$ 5,786	\$ 1,411	24.4%
Assigned	-	3,129	(3,129)	100.0%
Unassigned	(15,360)	-	(15,360)	-100.0%
<b>Total Fund Balance - School Lunch Fund</b>	<b>(8,163)</b>	<b>8,915</b>	<b>(17,078)</b>	<b>-191.6%</b>
<b>Permanent Fund</b>				
Nonspendable for scholarships	150,000	150,000	-	-
Restricted for scholarships	1,447,256	1,349,336	97,920	7.3%
<b>Total Fund Balance - Permanent Fund</b>	<b>1,597,256</b>	<b>1,499,336</b>	<b>97,920</b>	<b>7.3%</b>
<b>Special Purpose Fund</b>				
Restricted for scholarships	46,733	46,865	(132)	-0.3%
<b>Total Fund Balance - Special Purpose Fund</b>	<b>46,733</b>	<b>46,865</b>	<b>(132)</b>	<b>-0.3%</b>
<b>Debt Service Fund</b>				
Restricted for debt service	631,033	585,385	45,648	7.8%
<b>Total Fund Balance - Debt Service Fund</b>	<b>631,033</b>	<b>585,385</b>	<b>45,648</b>	<b>7.8%</b>
<b>Capital Projects Fund</b>				
Restricted	-	17,448,327	(17,448,327)	-100.0%
Unassigned for capital projects	(426,633)	-	(426,633)	-
<b>Total Fund Balance - Capital Projects Fund</b>	<b>(426,633)</b>	<b>17,448,327</b>	<b>(17,874,960)</b>	<b>-100.0%</b>
<b>Total Fund Balance - All Funds</b>	<b>\$ 12,847,395</b>	<b>\$ 30,595,997</b>	<b>\$ (6,741,433)</b>	<b>-22.0%</b>

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 \$17,078 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 Permanent Fund and the Special Purpose Fund are maintained for the receipt and disbursement of scholarships. The change in fund balance in these funds relate to the increase in investment valuation, interest earnings and the disbursement of scholarships.

The increase in fund balance in the Debt Service Fund of \$45,648 can be attributed to interest earnings and activity related to the District's financing activities.

The decrease in the fund balance for capital projects of \$17,874,960 is primarily due to the recording of 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, 2016 was \$107,078,660. This amount was increased by encumbrances carried forward from the prior year in the amount of \$101,662 and budget revisions in the amount of \$483,845 which resulted in a final budget of \$107,664,167. The majority of the funding was property taxes and STAR revenue of \$ 91,046,456.

### Capital Assets

At June 30, 2016, the District had capital assets of \$55,189,210, 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.

Category	2016	2015	Increase Decrease	Percentage Change
Land	\$ 32,038	\$ 32,038	\$ -	-%
Construction-in-progress	30,996,088	14,229,255	16,766,833	100%
Buildings & building improvements	39,915,466	38,546,248	1,369,218	23%
Improvements other than buildings	2,820,913	2,811,713	9,200	-%
Machinery and equipment	6,357,207	6,177,148	180,059	2%
Subtotal	80,121,712	61,796,402	18,325,310	35%
Less: Accumulated depreciation	24,932,502	23,252,804	1,679,698	7%
Capital assets, net	<u>\$ 55,189,210</u>	<u>\$ 38,543,598</u>	<u>\$ 16,645,612</u>	<u>60%</u>

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:

	2016	2015	Increase (Decrease)
Bonds payable	\$ 41,460,000	\$ 43,645,000	\$ (2,185,000)
Plus - unamortized premium on bonds	860,901	947,269	(86,368)
Energy performance contract debt payable	2,635,427	2,813,496	(178,069)
Installment debt payable	91,008	93,573	(2,565)
Claims payable	838,447	919,654	(81,207)
Compensated Absences	2,765,189	2,761,980	3,209
Net pension liability	5,258,197	1,087,486	4,170,711
Other post employment benefit obligations payable	61,290,791	52,669,305	8,621,486
Total	\$ 115,199,960	\$ 104,937,763	\$ 10,262,197

At June 30, 2016, the District reported a liability of \$5,258,197 for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2016 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, F in the notes to financial statements.

### Conclusion

The General Fund budget for the 2016-2017 school year was approved by the voters in the amount of \$109,482,695. This is an increase of 2.25% over the previous year's budget. The increase was primarily due to increases in personnel costs and employee benefits.

The 2016-2017 budget is impacted by certain trends impacting school districts. These include increases in retirement contributions and health insurance costs.

The New York State 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

(This page intentionally left blank)

---

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

Statement of Net Position  
June 30, 2016

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 17,638,351
Investments	1,343,533
Receivables	
Taxes	1,667,601
Accounts	695,682
State and Federal aid	2,300,582
Due from other governments	554,534
Prepaid expenses	17,037
Inventories	7,197
Net pension asset	33,177,675
Capital assets	
Not being depreciated	31,028,126
Being depreciated, net	<u>24,161,084</u>
Total Assets	<u>112,591,402</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
	<u>11,984,827</u>
<b>LIABILITIES</b>	
Accounts payable	3,431,813
Accrued liabilities	414,060
Due to other governments	245,014
Due to retirement systems	7,354,948
Unearned revenues	292,157
Accrued interest payable	131,418
Non-current liabilities	
Due within one year	2,835,530
Due in more than one year	<u>112,364,430</u>
Total Liabilities	<u>127,069,370</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
	<u>12,203,438</u>
<b>NET POSITION</b>	
Net investment in capital assets	10,290,045
Restricted	
Capital projects	157,949
Debt service	631,033
Retirement contributions	1,570,343
Unemployment benefits	111,632
Special purposes	46,733
Permanent fund	150,000
Unrestricted	<u>(27,654,314)</u>
Total Net Position	<u>\$ (14,696,579)</u>

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

(This page intentionally left blank)

---

Rockville Centre Union Free School District, New York

Statement of Activities  
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities</b>					
General support	\$ 12,916,912	\$ 6,239	\$ -	\$ -	\$ (12,910,673)
Instruction	88,101,039	3,715,406	2,053,901	207,328	(82,124,404)
Pupil transportation	4,119,859	-	68,010	-	(4,051,849)
Community services	84,271	-	-	-	(84,271)
Cost of food sales	810,625	486,292	314,511	-	(9,822)
Other	39,712	-	137,500	-	97,788
Interest	1,453,176	-	-	45,649	(1,407,527)
<b>Total Governmental Activities</b>	<b>\$ 107,525,594</b>	<b>\$ 4,207,937</b>	<b>\$ 2,573,922</b>	<b>\$ 252,977</b>	<b>(100,490,758)</b>
<b>General revenues</b>					
Real property taxes					83,552,626
Other tax items					
School tax relief reimbursement					7,514,834
Payments in lieu of taxes					1,024,900
Interest and penalties on real property taxes					8,881
Unrestricted use of money and property					93,865
Sale of property and compensation for loss					49,721
Unrestricted State aid					8,711,060
Miscellaneous					436,489
<b>Total General Revenues</b>					<b>101,392,376</b>
<b>Change in Net Position</b>					<b>901,618</b>
<b>Net Position - Beginning</b>					<b>(15,598,197)</b>
<b>Net Position - Ending</b>					<b>\$ (14,696,579)</b>

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, 2016

	General	Capital Projects	Special Aid
<b>ASSETS</b>			
Cash and equivalents	\$ 13,902,285	\$ 2,779,321	\$ 440,529
Investments	-	-	-
Receivables			
Taxes	1,667,601	-	-
Accounts	538,976	156,706	-
State and Federal aid	1,715,483	-	566,434
Due from other governments	554,534	-	-
Advances to other funds	264,174	-	-
Due from other funds	349,511	129,229	-
Prepaid expenditures	17,037	-	-
Inventories	-	-	-
<b>Total Assets</b>	<b>\$ 19,009,601</b>	<b>\$ 3,065,256</b>	<b>\$ 1,006,963</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
<b>Liabilities</b>			
Accounts payable	\$ 192,988	\$ 3,227,715	\$ 11,110
Accrued liabilities	412,711	-	1,349
Due to other governments	244,492	-	-
Due to other funds	-	-	895,080
Advances from other funds	-	264,174	-
Due to retirement systems	7,354,948	-	-
Unearned revenues	158,163	-	99,424
<b>Total Liabilities</b>	<b>8,363,302</b>	<b>3,491,889</b>	<b>1,006,963</b>
<b>Fund balances (deficits)</b>			
Nonspendable	281,211	-	-
Restricted	4,447,164	-	-
Assigned	2,895,206	-	-
Unassigned	3,022,718	(426,633)	-
<b>Total Fund Balances (Deficits)</b>	<b>10,646,299</b>	<b>(426,633)</b>	<b>-</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 19,009,601</b>	<b>\$ 3,065,256</b>	<b>\$ 1,006,963</b>

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

Non-Major Governmental	Total Governmental Funds
\$ 516,216	\$ 17,638,351
1,343,533	1,343,533
-	1,667,601
-	695,682
18,665	2,300,582
-	554,534
-	264,174
625,525	1,104,265
-	17,037
7,197	7,197
<u>\$ 2,511,136</u>	<u>\$ 25,592,956</u>
\$ -	\$ 3,431,813
-	414,060
522	245,014
209,185	1,104,265
-	264,174
-	7,354,948
34,570	292,157
<u>244,277</u>	<u>13,106,431</u>
157,197	438,408
2,125,022	6,572,186
-	2,895,206
(15,360)	2,580,725
<u>2,266,859</u>	<u>12,486,525</u>
<u>\$ 2,511,136</u>	<u>\$ 25,592,956</u>

(This page intentionally left blank)

---



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

Reconciliation of Governmental Funds Balance Sheet to  
the District-Wide Statement of Net Position  
June 30, 2016

---

Fund Balances - Total Governmental Funds	<u>\$ 12,486,525</u>
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.	<u>55,189,210</u>
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	148,171
Deferred amounts on net pension assets (liabilities)	<u>(366,782)</u>
	<u>(218,611)</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Net pension asset	<u>33,177,675</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(131,418)
Bonds payable	(42,320,901)
Installment purchase debt	(91,008)
Energy performance contract debt payable	(2,635,427)
Claims payable	(838,447)
Compensated absences	(2,765,189)
Net pension liability	(5,258,197)
Other post employment benefit obligations payable	<u>(61,290,791)</u>
	<u>(115,331,378)</u>
Net Position of Governmental Activities	<u><u>\$ (14,696,579)</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 Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2016

	General	Capital Projects	Special Aid
<b>REVENUES</b>			
Real property taxes	\$ 83,552,626	\$ -	\$ -
Other tax items	8,548,615	-	-
Charges for services	3,715,406	-	-
Use of money and property	100,104	-	-
Sale of property and compensation for loss	49,721	-	-
State aid	9,186,461	50,622	334,498
Federal aid	29,033	-	1,160,687
Food sales	-	-	-
Miscellaneous	516,334	156,706	42,447
Total Revenues	<u>105,698,300</u>	<u>207,328</u>	<u>1,537,632</u>
<b>EXPENDITURES</b>			
Current			
General support	8,680,566	-	-
Instruction	64,323,876	-	1,552,619
Pupil transportation	3,637,963	-	85,013
Community services	84,271	-	-
Employee benefits	25,290,543	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	56,328	-	-
Interest	137,412	-	-
Capital outlay	-	18,136,051	-
Total Expenditures	<u>102,210,959</u>	<u>18,136,051</u>	<u>1,637,632</u>
Excess (Deficiency) of Rev- enues Over Expenditures	<u>3,487,341</u>	<u>(17,928,723)</u>	<u>(100,000)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Installment purchase debt issued	-	53,763	-
Transfers in	-	-	100,000
Transfers out	(3,848,211)	-	-
Total Other Financing Sources (Uses)	<u>(3,848,211)</u>	<u>53,763</u>	<u>100,000</u>
Net Change in Fund Balances	(360,870)	(17,874,960)	-
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year	11,007,169	17,448,327	-
End of Year	<u>\$ 10,646,299</u>	<u>\$ (426,633)</u>	<u>\$ -</u>

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 83,552,626
-	8,548,615
-	3,715,406
177,349	277,453
-	49,721
11,766	9,583,347
294,483	1,484,203
486,292	486,292
14,062	729,549
<u>983,952</u>	<u>108,427,212</u>
-	8,680,566
-	65,876,495
-	3,722,976
-	84,271
-	25,290,543
817,881	817,881
39,712	39,712
2,363,069	2,419,397
1,385,143	1,522,555
-	18,136,051
<u>4,605,805</u>	<u>126,590,447</u>
<u>(3,621,853)</u>	<u>(18,163,235)</u>
-	53,763
3,748,211	3,848,211
-	(3,848,211)
<u>3,748,211</u>	<u>53,763</u>
126,358	(18,109,472)
<u>2,140,501</u>	<u>30,595,997</u>
<u>\$ 2,266,859</u>	<u>\$ 12,486,525</u>

(This page intentionally left blank)

**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, 2016

---

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

Net Change in Fund Balances - Total Governmental Funds \$ (18,109,472)

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 amount may be less than the total capital outlay since capital outlay includes amounts under the capitalization threshold.

Capital outlay expenditures	18,325,310
Depreciation expense	<u>(1,679,698)</u>
	<u>16,645,612</u>

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.

Installment purchase debt issued	(53,763)
Principal paid on serial bonds	2,185,000
Principal paid on energy performance contract debt	178,069
Principal paid on installment purchase debt	56,328
Amortization of loss on refunding and issuance premium	<u>53,441</u>
	<u>2,419,075</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	15,938
Claims	81,207
Compensated absences	(3,209)
Pension assets (liabilities)	8,473,953
Other post employment benefit obligations	<u>(8,621,486)</u>
	<u>(53,597)</u>

Change in Net Position of Governmental Activities \$ 901,618

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 - Budget and Actual  
General and Special Aid Funds  
Year Ended June 30, 2016

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 83,531,622	\$ 83,531,622	\$ 83,552,626	\$ 21,004
Other tax items	8,520,284	8,520,284	8,548,615	28,331
Charges for services	3,224,402	3,224,402	3,715,406	491,004
Use of money and property	100,000	100,000	100,104	104
Sale of property and compensation for loss	20,000	20,000	49,721	29,721
State aid	8,732,414	8,732,414	9,186,461	454,047
Federal aid	25,000	25,000	29,033	4,033
Miscellaneous	124,938	124,938	516,334	391,396
<b>Total Revenues</b>	<b>104,278,660</b>	<b>104,278,660</b>	<b>105,698,300</b>	<b>1,419,640</b>
<b>EXPENDITURES</b>				
Current				
General support	10,202,093	9,172,318	8,680,566	491,752
Instruction	63,307,207	64,787,112	64,323,876	463,236
Pupil transportation	4,157,978	4,089,858	3,637,963	451,895
Community services	192,950	192,950	84,271	108,679
Employee benefits	25,210,400	25,343,035	25,290,543	52,492
Debt service				
Principal	69,482	86,982	56,328	30,654
Interest	192,000	143,700	137,412	6,288
<b>Total Expenditures</b>	<b>103,332,110</b>	<b>103,815,955</b>	<b>102,210,959</b>	<b>1,604,996</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>946,550</b>	<b>462,705</b>	<b>3,487,341</b>	<b>3,024,636</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(3,848,212)	(3,848,212)	(3,848,211)	1
<b>Total Other Financing Sources (Uses)</b>	<b>(3,848,212)</b>	<b>(3,848,212)</b>	<b>(3,848,211)</b>	<b>1</b>
<b>Net Change in Fund Balances</b>	<b>(2,901,662)</b>	<b>(3,385,507)</b>	<b>(360,870)</b>	<b>3,024,637</b>
<b>FUND BALANCES</b>				
Beginning of Year	2,901,662	3,385,507	11,007,169	7,621,662
End of Year	\$ -	\$ -	\$ 10,646,299	\$ 10,646,299

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
346,834	346,834	334,498	(12,336)
1,711,793	1,711,793	1,160,687	(551,106)
42,447	42,447	42,447	-
<u>2,101,074</u>	<u>2,101,074</u>	<u>1,537,632</u>	<u>(563,442)</u>
-	-	-	-
2,116,061	2,116,061	1,552,619	563,442
85,013	85,013	85,013	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>2,201,074</u>	<u>2,201,074</u>	<u>1,637,632</u>	<u>563,442</u>
<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
100,000	100,000	100,000	-
-	-	-	-
<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</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, 2016

---

	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 838,159
Accounts receivable	<u>2,702</u>
<b>Total Assets</b>	<b><u>\$ 840,861</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 451,569
Deposits	124,842
Employee payroll deductions	92,779
Student activity funds	<u>171,671</u>
<b>Total Liabilities</b>	<b><u>\$ 840,861</u></b>

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



## Rockville Centre Union Free School District, New York

Notes to Financial Statements  
June 30, 2016

---

### **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, 2016.

**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 31<sup>st</sup>. The property tax receivable amount was substantially satisfied in August, 2016.

**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, 2016, 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 \$138,707 for registration fees for the summer programs paid in advance and \$19,456 for the overpayment of teachers' salaries in the General Fund. In addition, the District reported \$99,424 for State and Federal aid received in advance in the Special Aid Fund and \$34,570 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.

## Rockville Centre Union Free School District, New York

Notes to Financial Statements (Continued)  
June 30, 2016

---

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

The School District reported deferred outflows of resources of \$148,171 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 3F.

**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, retirement contributions, unemployment benefits, special purposes and permanent fund. 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 on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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 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.



**Note 1 - Summary of Significant Accounting Policies (Continued)**

**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 6, 2016.

**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.
- 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

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

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.

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

Notes to Financial Statements (Continued)  
June 30, 2016

**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. Capital Projects Fund Deficits**

Deficits in individual capital projects aggregating \$584,582 arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

**Note 3 - Detailed Notes on All Funds**

**A. Investments**

Investments consist of U.S. Equity Securities at fair value. The increase in fair value for the year ended June 30, 2016 was \$91,183.

**B. Due From/To Other Funds**

The composition of interfund balances at June 30, 2016 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Advances</u>
General	\$ 349,511	\$ -	\$ 264,174
Capital Projects	129,229	-	(264,174)
Special Aid	-	895,080	-
Non-Major Governmental	625,525	209,185	-
	<u>\$ 1,104,265</u>	<u>\$ 1,104,265</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, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
Capital Assets, not being depreciated				
Land	\$ 32,038	\$ -	\$ -	\$ 32,038
Construction-in-Progress	14,229,255	18,136,051	1,369,218	30,996,088
Total Capital Assets, not being depreciated	<u>\$ 14,261,293</u>	<u>\$ 18,136,051</u>	<u>\$ 1,369,218</u>	<u>\$ 31,028,126</u>

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

Notes to Financial Statements (Continued)  
June 30, 2016

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

Class	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Capital Assets, being depreciated				
Buildings and Improvements	\$ 38,546,248	\$ 1,369,218	\$ -	\$ 39,915,466
Improvement other than buildings	2,811,713	9,200	-	2,820,913
Machinery and Equipment	6,177,148	180,059	-	6,357,207
Total Capital Assets, being depreciated	47,535,109	1,558,477	-	49,093,586
Less Accumulated Depreciation for				
Buildings and Improvements	17,118,261	1,289,086	-	18,407,347
Improvement other than buildings	1,426,268	127,765	-	1,554,033
Machinery and Equipment	4,708,275	262,847	-	4,971,122
Total Accumulated Depreciation	23,252,804	1,679,698	-	24,932,502
Total Capital Assets, being Depreciated, net	\$ 24,282,305	\$ (121,221)	\$ -	\$ 24,161,084
Capital Assets, net	\$ 38,543,598	\$ 18,014,830	\$ 1,369,218	\$ 55,189,210

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

General Support	\$ 1,394,149
Instruction	235,159
Pupil Transportation	33,594
Cost of Food Sales	16,797
Total Depreciation Expense	\$ 1,679,698

**D. Accrued Liabilities**

Accrued liabilities at June 30, 2016 were as follows:

	Amount
Payroll and Employee Benefits	\$ 414,060

**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.

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

Notes to Financial Statements (Continued)  
June 30, 2016

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

<u>Purpose</u>	<u>Date of Original Issue</u>	<u>Balance July 1, 2015</u>	<u>New Issues</u>	<u>Redemptions</u>	<u>Balance June 30, 2016</u>
Tax Anticipation Notes	9/3/15	\$ -	\$ 8,000,000	\$ 8,000,000	\$ -

Interest expenditures/expense of \$129,333 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

**F. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2016:

	<u>Balance July 1, 2015</u>	<u>New Issues/ Additions</u>	<u>Maturities and/or Payments</u>	<u>Balance June 30, 2016</u>	<u>Due Within One-Year</u>
Bonds Payable	\$ 43,645,000	\$ -	\$ 2,185,000	\$ 41,460,000	\$ 2,240,000
Plus - unamortized premium on bonds	947,269	-	86,368	860,901	-
	<u>44,592,269</u>	<u>-</u>	<u>2,271,368</u>	<u>42,320,901</u>	<u>2,240,000</u>
Other Non-current Liabilities:					
Energy Performance Contract Debt Payable	2,813,496	-	178,069	2,635,427	182,476
Installment Purchase Debt Payable	93,573	53,763	56,328	91,008	52,054
Claims Payable	919,654	910,214	991,421	838,447	84,000
Compensated Absences	2,761,980	279,209	276,000	2,765,189	277,000
Net Pension Liability	1,087,486	4,170,711	-	5,258,197	-
Other Post Employment Benefit Obligations Payable	52,669,305	12,673,671	4,052,185	61,290,791	-
Total Non-current Liabilities	<u>60,345,494</u>	<u>18,087,568</u>	<u>5,554,003</u>	<u>72,879,059</u>	<u>595,530</u>
Total Long-Term Liabilities	<u>\$ 104,937,763</u>	<u>\$ 18,087,568</u>	<u>\$ 7,825,371</u>	<u>\$ 115,199,960</u>	<u>\$ 2,835,530</u>

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, 2016

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

**Bonds Payable**

Bonds payable at June 30, 2016 are comprised of the following individual issues:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at June 30, 2016</u>
Construction	2015	\$ 35,000,000	June, 2043	2.0 - 4.0 %	33,950,000
Refunding Bonds	2015	8,570,000	July, 2021	2.0 - 3.0	7,510,000
					<u>\$ 41,460,000</u>

Interest expenditures of \$1,317,019 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$1,249,636 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, 2016 was \$2,635,427. Interest expenditures of \$68,124 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$68,015 was recorded in the district-wide financial statements.

**Installment Purchase Debt Payable**

The School 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 \$3,477 through June 2016, including interest at 9.89%.

The School 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 \$3,381 through June 2016, including interest at 9.03%.

The School 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 \$5,135 through June 2017, including interest at 9.43%.

The School 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 \$5,299 through June 2018, including interest at 9.14%.

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

Notes to Financial Statements (Continued)  
 June 30, 2016

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

The School 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 \$4,515 through June 2019, including interest at 9.14%.

The School 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 School 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 \$15,698 through July 2016, including interest at 3.89%.

The School District entered into a lease agreement to finance the costs of TV equipment. The terms of this agreement provided for the repayment of the principal amount of \$53,763, in annual installments of \$17,369 through June 2018, including interest at 3.143%.

Interest expenditures of \$8,079 were recorded in the fund financial statements. Interest expense of \$6,192 was recorded in the district-wide financial statements.

**Payments to Maturity**

The annual requirements to amortize all outstanding bonded debt as of June 30, 2016 including interest payments of \$19,633,382 are as follows:

Year Ending June 30,	Bonds		Energy Performance Contract	
	Principal	Interest	Principal	Interest
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	2,210,000	1,058,094	201,224	44,968
2022-2026	5,580,000	4,690,544	1,083,342	147,621
2027-2031	5,905,000	3,876,044	593,407	22,075
2032-2036	6,940,000	2,903,044	-	-
2037-2041	8,135,000	1,651,500	-	-
2042-2043	3,635,000	219,400	-	-
	<u>\$ 41,460,000</u>	<u>\$ 19,183,840</u>	<u>\$ 2,635,427</u>	<u>\$ 441,979</u>

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

Notes to Financial Statements (Continued)  
June 30, 2016

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

Year Ending June 30,	Installment Purchase Debt		Total	
	Principal	Interest	Principal	Interest
2017	\$ 52,054	\$ 4,840	\$ 2,474,530	\$ 1,337,125
2018	31,627	2,186	2,528,620	1,284,805
2019	7,327	537	2,563,948	1,230,146
2020	-	-	2,336,364	1,168,016
2021	-	-	2,411,224	1,103,062
2022-2026	-	-	6,663,342	4,838,165
2026-2030	-	-	6,498,407	3,898,119
2031-2035	-	-	6,940,000	2,903,044
2036-2040	-	-	8,135,000	1,651,500
2041-2043	-	-	3,635,000	219,400
	<u>\$ 91,008</u>	<u>\$ 7,563</u>	<u>\$ 44,186,435</u>	<u>\$ 19,633,382</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.

**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:

	2016	2015
Unpaid Claims - Beginning of Year	\$ 919,654	\$ 992,672
Incurred Claims including IBNR's	910,214	973,740
Claims Paid	(991,421)	(1,046,758)
Unpaid Claims - End of Year	<u>\$ 838,447</u>	<u>\$ 919,654</u>
Due within One Year	<u>\$ 84,000</u>	<u>\$ 92,000</u>

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



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

Notes to Financial Statements (Continued)

June 30, 2016

---

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

**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 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/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_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 2016 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

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

Notes to Financial Statements (Continued)  
 June 30, 2016

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

At June 30, 2016, the School District reported a liability of \$5,258,197 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, 2016, the School District's proportion was .0327608%, which was an increase of .0005699% from its proportion measured as of March 31, 2015.

For the year ended June 30, 2016, the School District recognized pension expense/expenditures of \$1,654,737 and \$1,622,610, respectively. The pension expenditure of \$1,622,610 was charged to the General Fund. At June 30, 2016, 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>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 26,571	\$ 623,272
Changes of assumptions	1,402,202	-
Net difference between projected and actual earnings on pension plan investments	3,119,451	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	335,986	-
School District contributions subsequent to the measurement date	<u>378,344</u>	<u>-</u>
	<u>\$ 5,262,554</u>	<u>\$ 623,272</u>

\$378,344 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, 2017. 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>	
2017	\$ 1,088,058
2018	1,088,058
2019	1,088,058
2020	996,764

The total pension liability for the March 31, 2016 measurement date was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The total pension liability for the March 31, 2015

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

Notes to Financial Statements (Continued)  
June 30, 2016

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

measurement date was determined by using an actuarial valuation as of April 1, 2015. Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary scale	3.8%, indexed by service
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.3% annually

Annuitant mortality rates are based on the April 1, 2010 - March 31, 2015 ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class 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 7.0%. 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

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

Notes to Financial Statements (Continued)  
June 30, 2016

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

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 7.0%, 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 (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net pension liability (asset)	<u>\$ 11,856,851</u>	<u>\$ 5,258,197</u>	<u>\$ (317,385)</u>

The components of the collective net pension liability of ERS as of the March 31, 2016 measurement date were as follows:

Total pension liability	\$ 172,303,544,000
ERS fiduciary net position	<u>156,253,265,000</u>
Employers' net pension liability	<u>\$ 16,050,279,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>90.7%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2015 through June 30, 2016 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2016 were \$378,344.

*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](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

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

Notes to Financial Statements (Continued)  
 June 30, 2016

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

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 2016 was 13.26%.

At June 30, 2016, the School District reported an asset of \$33,177,675 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial 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, 2015, the School District's proportion was .319421%, which was an increase of .004207% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School District recognized pension expense/expenditure of \$(2,229,046) and \$6,561,236, respectively. The pension expenditure of \$6,561,236 was charged to the General Fund. At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 919,495
Net difference between projected and actual earnings on pension plan investments	-	10,487,636
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	173,035
School District contributions subsequent to the measurement date	<u>6,574,102</u>	<u>-</u>
	<u>\$ 6,574,102</u>	<u>\$ 11,580,166</u>

\$6,574,102 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

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

Notes to Financial Statements (Continued)  
 June 30, 2016

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

<u>Year Ended June 30,</u>	
2016	\$ (4,251,809)
2017	(4,251,809)
2018	(4,251,809)
2019	1,722,405
2020	(136,347)
Thereafter	(410,797)

The total pension liability for the June 30, 2015 measurement date was determined by using an actuarial valuation as of June 30, 2014, with update procedures used to roll forward the total pension liability to June 30, 2015. 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. These actuarial valuations used the following actuarial assumptions:

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> <thead> <tr> <th style="text-align: center;"><u>Age</u></th> <th style="text-align: center;"><u>Female</u></th> <th style="text-align: center;"><u>Male</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">25</td> <td style="text-align: center;">10.35 %</td> <td style="text-align: center;">10.91 %</td> </tr> <tr> <td style="text-align: center;">35</td> <td style="text-align: center;">6.26</td> <td style="text-align: center;">6.27</td> </tr> <tr> <td style="text-align: center;">45</td> <td style="text-align: center;">5.39</td> <td style="text-align: center;">5.04</td> </tr> <tr> <td style="text-align: center;">55</td> <td style="text-align: center;">4.42</td> <td style="text-align: center;">4.01</td> </tr> </tbody> </table>	<u>Age</u>	<u>Female</u>	<u>Male</u>	25	10.35 %	10.91 %	35	6.26	6.27	45	5.39	5.04	55	4.42	4.01
<u>Age</u>	<u>Female</u>	<u>Male</u>														
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, 2014 and 2013 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, 2014 and 2013 are summarized in the following table:

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

Notes to Financial Statements (Continued)

June 30, 2016

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

Asset Class:	Target Allocation		Long-Term Expected Real Rate of Return*	
	2014	2013	2014	2013
Equities:				
Domestic equities	37 %	37 %	6.5 %	7.3 %
International equities	18	18	7.7	8.5
Real estate	10	10	4.6	5.0
Alternative investments	7	7	9.9	11.0
Total Equities	<u>72</u>	<u>72</u>		
Fixed Income:				
Domestic fixed income securities	17	18	2.1	1.5
Global fixed income securities	2	2	1.9	1.4
Mortgages	8	8	3.4	3.4
Short-term	1	-	1.2	0.8
Total Fixed Income	<u>28</u>	<u>28</u>		
Total	<u>100 %</u>	<u>100 %</u>		

\* Real rates of return are net of the long-term inflation assumption of 2.3% for 2014 and 2013.

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)	<u>\$ 2,263,145</u>	<u>\$ (33,177,675)</u>	<u>\$ (63,401,252)</u>

## Rockville Centre Union Free School District, New York

Notes to Financial Statements (Continued)  
June 30, 2016

---

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

The components of the collective net pension asset of TRS as of the June 30, 2015 measurement date were as follows:

Total pension liability	\$ 99,332,103,743
TRS fiduciary net position	<u>109,718,916,659</u>
Employers' net pension asset	<u>\$ 10,386,812,916</u>
TRS fiduciary net position as a percentage of total pension liability	<u>110.46%</u>

Employer and employee contributions for the year ended June 30, 2016 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, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 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, 2016 were \$6,976,604.

#### **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 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.



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

Notes to Financial Statements (Continued)  
June 30, 2016

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

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:

Year Ended June 30,	Non- Medicare	Medicare	Drug
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.

The number of participants as of June 30, 2016 was as follows:

Active Employees	561
Retired Employees	<u>345</u>
Total	<u>906</u>
Amortization Component:	
Actuarial Accrued Liability as of July 1, 2015	\$ 136,557,822
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 136,557,822</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 52,810,539</u>
UAAL as a Percentage of Covered Payroll	<u>258.58%</u>
Annual Required Contribution	\$ 13,613,310
Interest on Net OPEB Obligation	2,107,982
Adjustment to Annual Required Contribution	<u>(3,047,621)</u>
Annual OPEB Cost	12,673,671
Contributions Made	<u>(4,052,185)</u>
Increase in Net OPEB Obligation	8,621,486
Net OPEB Obligation - Beginning of year	<u>52,669,305</u>
Net OPEB Obligation - End of year	<u>\$ 61,290,791</u>

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

Notes to Financial Statements (Continued)  
 June 30, 2016

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

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:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 12,673,671	31.97 %	\$ 61,290,791
2015	11,813,145	32.61	52,669,305
2014	10,483,680	34.36	44,708,558

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.

**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.

Transfers Out	Transfer In		Total
	Special Aid Fund	Other Governmental Funds	
General Fund	\$ 100,000	\$ 3,748,211	\$ 3,848,211

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.

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

Notes to Financial Statements (Continued)

June 30, 2016

---

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

*Restricted for Debt Service* - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints place 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, 2016

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

**I. Fund Balances**

	2016				2015			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>								
Prepaid expenditures	\$ 17,037	\$ -	\$ -	\$ 17,037	\$ -	\$ -	\$ -	\$ -
Inventories	-	7,197	-	7,197	-	-	5,786	5,786
Permanent fund	-	150,000	-	150,000	-	-	150,000	150,000
Advances	264,174	-	-	264,174	314,797	-	-	314,797
<b>Total Nonspendable</b>	<b>281,211</b>	<b>-</b>	<b>157,197</b>	<b>438,408</b>	<b>314,797</b>	<b>-</b>	<b>155,786</b>	<b>470,583</b>
<b>Restricted</b>								
Employee benefit accrued liability	2,765,189	-	-	2,765,189	2,761,980	-	-	2,761,980
Retirement contributions	1,570,343	-	-	1,570,343	1,941,794	-	-	1,941,794
Unemployment benefits	111,632	-	-	111,632	111,200	-	-	111,200
Debt service	-	-	631,033	631,033	-	-	585,385	585,385
Capital projects	-	-	-	-	-	17,448,327	-	17,448,327
Special purposes	-	-	46,733	46,733	-	-	46,865	46,865
Permanent fund	-	-	1,447,256	1,447,256	-	-	1,349,336	1,349,336
<b>Total Restricted</b>	<b>4,447,164</b>	<b>-</b>	<b>2,125,022</b>	<b>6,572,186</b>	<b>4,814,974</b>	<b>17,448,327</b>	<b>1,981,586</b>	<b>24,244,887</b>
<b>Assigned</b>								
Purchases on order	80,095	-	-	80,095	97,124	-	-	97,124
General government support	15,111	-	-	15,111	4,538	-	-	4,538
Instruction	95,206	-	-	95,206	101,662	-	-	101,662
Subsequent year's expenditures	2,800,000	-	-	2,800,000	2,800,000	-	-	2,800,000
School Lunch Fund	-	-	-	-	-	-	3,129	3,129
<b>Total Assigned</b>	<b>2,895,206</b>	<b>-</b>	<b>-</b>	<b>2,895,206</b>	<b>2,901,662</b>	<b>-</b>	<b>3,129</b>	<b>2,904,791</b>
<b>Unassigned</b>								
	3,022,718	(426,633)	(15,360)	2,580,725	2,975,736	-	-	2,975,736
<b>Total Fund Balance</b>	<b>\$ 10,646,299</b>	<b>\$ (426,633)</b>	<b>\$ 2,266,859</b>	<b>\$ 12,486,525</b>	<b>\$ 11,007,169</b>	<b>\$ 17,448,327</b>	<b>\$ 2,140,501</b>	<b>\$ 30,595,997</b>

**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.

Prepaid Expenditures has been provided to account for certain payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriate or expenditure even though they are a component of current assets.

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, 2016, 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. The unassigned fund balance in the non-major governmental funds represents the deficit in the School Lunch Fund.

**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 may be subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the School District's compliance with applicable grant requirements may 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.

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

Notes to Financial Statements (Continued)  
June 30, 2016

---

**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:

Year Ended June 30,	
2017	\$ 1,058,595
2018	845,687
2019	629,062
2020	407,501
Thereafter	306,616

Operating lease payments for the fiscal year ended June 30, 2016 were \$872,672.

**D. Risk Management**

The School District 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, 2016 was \$16,422,593 with the discount rate of 1%. The Workers' Compensation Plan has assets of \$18,238,268 at June 30, 2016 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 \$1,452,743. The School District also maintained reserves of \$614,296 with the public school entity risk pool resulting in a net long-term liability of \$838,447.

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

Notes to Financial Statements (Concluded)  
June 30, 2016

---

**Note 5 - Subsequent Events**

The School District Issued \$9,000,000 in tax anticipation notes on August 15, 2016 maturing on June 23, 2017 with interest at 2%.

The School District, in August 2016, issued \$10,925,000 in serial bonds for reconstruction and construction of various school buildings and site improvements. The bonds mature annually through 2043 with interest at rates ranging from 2% to 3%, depending on maturity.

\*\*\*\*\*

(This page intentionally left blank)

---



**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, 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
July 1, 2015	-	136,557,822	136,557,822	-	52,810,539	258.58

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

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

	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability (asset)	<u>0.319421%</u>	<u>0.315214%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (33,177,675)</u>	<u>\$ (35,112,833)</u>
School District's covered-employee payroll	<u>\$ 48,457,852</u>	<u>\$ 46,561,961</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>(68.47)%</u>	<u>(75.41)%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>110.46%</u>	<u>111.48%</u>

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>2016</u>	<u>2015</u>
Contractually required contribution	\$ 6,574,102	\$ 8,415,778
Contributions in relation to the contractually required contribution	<u>(6,574,102)</u>	<u>(8,415,778)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 49,578,449</u>	<u>\$ 48,007,861</u>
Contributions as a percentage of covered-employee payroll	<u>13.26%</u>	<u>17.53%</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)

	2016 (2)	2015
School District's proportion of the net pension liability (asset)	0.0327608%	0.0321909%
School District's proportionate share of the net pension liability (asset)	\$ 5,258,197	\$ 1,087,486
School District's covered-employee payroll	\$ 9,876,865	\$ 9,533,284
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	53.24%	11.41%
Plan fiduciary net position as a percentage of the total pension liability	90.70%	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*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

**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>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,700,079	\$ 1,746,953
Contributions in relation to the contractually required contribution	<u>(1,700,079)</u>	<u>(1,746,953)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 10,000,669</u>	<u>\$ 9,533,284</u>
Contributions as a percentage of covered-employee payroll	<u>17.00%</u>	<u>18.32%</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*.

(This page intentionally left blank)

---

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

General Fund  
Comparative Balance Sheet  
June 30,

	2016	2015
<b>ASSETS</b>		
Cash and equivalents	\$ 13,902,285	\$ 16,634,560
Receivables		
Taxes	1,667,601	1,753,338
Accounts	538,976	435,239
State and Federal aid	1,715,483	1,156,220
Due from other governments	554,534	869,460
Advances to other funds	264,174	314,797
Due from other funds	349,511	335,285
	<u>5,090,279</u>	<u>4,864,339</u>
Prepaid expenditures	<u>17,037</u>	<u>-</u>
Total Assets	<u>\$ 19,009,601</u>	<u>\$ 21,498,899</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 192,988	\$ 156,539
Accrued liabilities	412,711	329,512
Due to other governments	244,492	414,799
Due to retirement systems	7,354,948	9,236,125
Unearned revenues	158,163	354,755
Total Liabilities	<u>8,363,302</u>	<u>10,491,730</u>
Fund balance		
Nonspendable	281,211	314,797
Restricted	4,447,164	4,814,974
Assigned	2,895,206	2,901,662
Unassigned	3,022,718	2,975,736
Total Fund Balance	<u>10,646,299</u>	<u>11,007,169</u>
Total Liabilities and Fund Balance	<u>\$ 19,009,601</u>	<u>\$ 21,498,899</u>

Rockville Centre Union Free School District, New York

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

	2016				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbrances	
<b>REVENUES</b>					
Real property taxes	\$ 83,531,622	\$ 83,531,622	\$ 83,552,626	\$ -	\$ 21,004
Other tax items	8,520,284	8,520,284	8,548,615	-	28,331
Charges for services	3,224,402	3,224,402	3,715,406	-	491,004
Use of money and property	100,000	100,000	100,104	-	104
Sale of property and compensation for loss	20,000	20,000	49,721	-	29,721
State aid	8,732,414	8,732,414	9,186,461	-	454,047
Federal aid	25,000	25,000	29,033	-	4,033
Miscellaneous	124,938	124,938	516,334	-	391,396
<b>Total Revenues</b>	<b>104,278,660</b>	<b>104,278,660</b>	<b>105,698,300</b>		<b>1,419,640</b>
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	194,597	100,071	93,437	-	6,634
Central administration	535,265	569,553	569,536	-	17
Finance	1,107,626	1,062,284	1,059,865	-	2,419
Staff	786,349	544,377	490,030	-	54,347
Central services	6,638,256	5,975,341	5,563,568	80,095	331,678
Special items	940,000	920,692	904,130	-	16,562
<b>Total General Support</b>	<b>10,202,093</b>	<b>9,172,318</b>	<b>8,680,566</b>	<b>80,095</b>	<b>411,657</b>
Instruction					
Instruction, administration and improvement	4,091,738	4,010,155	4,006,917	-	3,238
Teaching - Regular school	38,485,289	39,091,672	39,087,307	2,987	1,378
Programs for children with handicapping conditions	10,632,080	11,354,680	11,352,579	2,033	68
Occupational education	270,000	270,000	264,949	-	5,051
Teaching - Special schools	908,221	958,576	955,674	-	2,902
Instructional media	3,003,599	3,120,155	3,009,210	10,091	100,854
Pupil services	5,916,280	5,981,874	5,647,240	-	334,634
<b>Total Instruction</b>	<b>63,307,207</b>	<b>64,787,112</b>	<b>64,323,876</b>	<b>15,111</b>	<b>448,125</b>
Pupil transportation	4,157,978	4,089,858	3,637,963	-	451,895
Community services	192,950	192,950	84,271	-	108,679
Employee benefits	25,210,400	25,343,035	25,290,543	-	52,492
Debt service					
Principal	69,482	86,982	56,328	-	30,654
Interest	192,000	143,700	137,412	-	6,288
<b>Total Expenditures</b>	<b>103,332,110</b>	<b>103,815,955</b>	<b>102,210,959</b>	<b>95,206</b>	<b>1,509,790</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>946,550</b>	<b>462,705</b>	<b>3,487,341</b>	<b>(95,206)</b>	<b>2,929,430</b>
<b>OTHER FINANCING USES</b>					
Transfers out	(3,848,212)	(3,848,212)	(3,848,211)	-	1
<b>Net Change in Fund Balance</b>	<b>(2,901,662)</b>	<b>(3,385,507)</b>	<b>(360,870)</b>	<b>\$ (95,206)</b>	<b>\$ 2,929,431</b>
<b>FUND BALANCE</b>					
Beginning of Year	2,901,662	3,385,507	11,007,169		
End of Year	\$ -	\$ -	\$ 10,646,299		



2015				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 81,498,583	\$ 81,498,583	\$ 81,456,587	\$	\$ (41,996)
7,971,417	7,971,417	8,125,940		154,523
2,814,402	2,814,402	3,585,267		770,865
95,000	95,000	129,449		34,449
25,000	25,000	20,884		(4,116)
7,782,414	7,782,414	9,297,778		1,515,364
25,000	25,000	2,128		(22,872)
124,938	124,938	545,223		420,285
<u>100,336,754</u>	<u>100,336,754</u>	<u>103,163,256</u>		<u>2,826,502</u>
183,895	120,802	89,040	-	31,762
530,909	551,314	551,314	-	-
1,082,577	1,108,616	1,108,616	-	-
810,222	501,662	501,662	-	-
6,508,805	5,442,849	5,345,725	97,124	-
930,000	884,747	884,747	-	-
<u>10,046,408</u>	<u>8,609,990</u>	<u>8,481,104</u>	<u>97,124</u>	<u>31,762</u>
4,032,272	3,961,014	3,961,014	-	-
37,160,263	37,597,521	37,595,974	1,547	-
10,421,723	10,910,340	10,910,340	-	-
270,000	204,416	204,416	-	-
895,375	746,047	746,047	-	-
2,711,764	2,977,372	2,974,381	2,991	-
5,732,532	5,490,974	5,490,974	-	-
<u>61,223,929</u>	<u>61,887,684</u>	<u>61,883,146</u>	<u>4,538</u>	<u>-</u>
4,150,989	3,702,071	3,702,071	-	-
192,950	111,547	111,547	-	-
24,489,400	26,375,497	26,375,497	-	-
69,481	50,377	50,377	-	-
210,000	117,928	117,928	-	-
<u>100,383,157</u>	<u>100,855,094</u>	<u>100,721,670</u>	<u>101,662</u>	<u>31,762</u>
(46,403)	(518,340)	2,441,586	(101,662)	2,858,264
<u>(2,813,174)</u>	<u>(2,831,259)</u>	<u>(2,829,219)</u>	<u>-</u>	<u>2,040</u>
(2,859,577)	(3,349,599)	(387,633)	\$ (101,662)	\$ 2,860,304
<u>2,859,577</u>	<u>3,349,599</u>	<u>11,394,802</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,007,169</u>		

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

Capital Projects Fund  
Comparative Balance Sheet  
June 30,

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 2,779,321	\$ 19,711,676
Receivables		
Accounts	156,706	-
Due from other funds	<u>129,229</u>	<u>174,780</u>
	<u>285,935</u>	<u>174,780</u>
Total Assets	<u>\$ 3,065,256</u>	<u>\$ 19,886,456</u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>		
Liabilities		
Accounts payable	\$ 3,227,715	\$ 2,123,332
Advances from other funds	<u>264,174</u>	<u>314,797</u>
Total Liabilities	<u>3,491,889</u>	<u>2,438,129</u>
Fund balance (deficit)		
Restricted	-	17,448,327
Unassigned	<u>(426,633)</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>(426,633)</u>	<u>17,448,327</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 3,065,256</u>	<u>\$ 19,886,456</u>

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

Capital Projects Fund  
 Comparative Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Years Ended June 30,

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
State aid	\$ 50,622	\$ 41,974
Miscellaneous	<u>156,706</u>	<u>12,818</u>
Total Revenues	207,328	54,792
<b>EXPENDITURES</b>		
Capital outlay	<u>18,136,051</u>	<u>15,745,441</u>
Deficiency of Revenues Over Expenditures	<u>(17,928,723)</u>	<u>(15,690,649)</u>
<b>OTHER FINANCING SOURCES</b>		
Serial bonds issued	-	35,000,000
Installment purchase debt issued	<u>53,763</u>	<u>81,101</u>
Total Other Financing Sources	<u>53,763</u>	<u>35,081,101</u>
Net Change in Fund Balance	(17,874,960)	19,390,452
<b>FUND BALANCE (DEFICIT)</b>		
Beginning of Year	<u>17,448,327</u>	<u>(1,942,125)</u>
End of Year	<u>\$ (426,633)</u>	<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, 2016

PROJECT	Authorization	Expenditures and Transfers to Date			Unexpended Balance
		Prior Years	Current Year	Total	
EXCEL Projects					
South Side Middle School - 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	747,826	705,184	-	705,184	42,642
2015 EXCEL Projects	23,486	23,486	-	23,486	-
E Rate Project	156,705	-	156,705	156,705	-
2013 Bond Issue	45,649,253	17,721,084	17,612,142	35,333,226	10,316,027
2013-2014 Transfer to Capital	1,000,000	528,610	313,441	842,051	157,949
Installation Purchase Contract	53,763	-	53,763	53,763	-
<b>Totals</b>	<b>\$ 48,478,292</b>	<b>\$ 19,825,623</b>	<b>\$ 18,136,051</b>	<b>\$ 37,961,674</b>	<b>\$ 10,516,618</b>

Proceeds of Obligations	Methods of Financing				Fund Balance (Deficit) at June 30, 2016
	Transfers	State and Federal Aid	Other	Totals	
\$ -	\$ -	\$ 50,388	\$ -	\$ 50,388	\$ (10,112)
-	-	196,719	-	196,719	(67,515)
-	-	80,812	-	80,812	(16,528)
-	-	33,080	-	33,080	(11,353)
-	-	205,499	-	205,499	(70,529)
-	-	77,967	-	77,967	(26,757)
-	-	667,290	-	667,290	(37,894)
-	-	-	-	-	(23,486)
-	-	-	156,705	156,705	-
35,000,000	-	-	12,818	35,012,818	(320,408)
-	1,000,000	-	-	1,000,000	157,949
53,763	-	-	-	53,763	-
<u>\$ 35,053,763</u>	<u>\$ 1,000,000</u>	<u>\$ 1,311,755</u>	<u>\$ 169,523</u>	<u>\$ 37,535,041</u>	<u>\$ (426,633)</u>

(This page intentionally left blank)

---

Rockville Centre Union Free School District, New York

Special Aid Fund  
Comparative Balance Sheet  
June 30,

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 440,529	\$ 344,516
State and Federal aid receivable	<u>566,434</u>	<u>643,881</u>
Total Assets	<u>\$ 1,006,963</u>	<u>\$ 988,397</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 11,110	\$ 38,565
Accrued liabilities	1,349	1,958
Due to other funds	895,080	877,773
Unearned revenues	<u>99,424</u>	<u>70,101</u>
Total Liabilities	<u>\$ 1,006,963</u>	<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  
 Years Ended June 30,

	2016			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 346,834	\$ 346,834	\$ 334,498	\$ (12,336)
Federal aid	1,711,793	1,711,793	1,160,687	(551,106)
Miscellaneous	42,447	42,447	42,447	-
<b>Total Revenues</b>	<b>2,101,074</b>	<b>2,101,074</b>	<b>1,537,632</b>	<b>(563,442)</b>
<b>EXPENDITURES</b>				
Current				
Instruction	2,116,061	2,116,061	1,552,619	563,442
Pupil transportation	85,013	85,013	85,013	-
<b>Total Expenditures</b>	<b>2,201,074</b>	<b>2,201,074</b>	<b>1,637,632</b>	<b>563,442</b>
Deficiency of Revenues Over Expenditures	(100,000)	(100,000)	(100,000)	-
<b>OTHER FINANCING SOURCES</b>				
Transfers in	100,000	100,000	100,000	-
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -



2015

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>
(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**

Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2016  
 (With Comparative Totals for 2015)

	School Lunch	Special Purpose	Permanent
<b>ASSETS</b>			
Cash and equivalents	\$ 210,252	\$ 46,733	\$ 253,723
Investments	-	-	1,343,533
Receivables			
State and Federal aid	18,665	-	-
Due from other funds	-	-	-
	18,665	-	-
Inventories	7,197	-	-
Total Assets	<u>\$ 236,114</u>	<u>\$ 46,733</u>	<u>\$ 1,597,256</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities			
Accrued liabilities	\$ -	\$ -	\$ -
Due to other governments	522	-	-
Due to other funds	209,185	-	-
Unearned revenues	34,570	-	-
Total Liabilities	<u>244,277</u>	<u>-</u>	<u>-</u>
Fund balances (deficits)			
Nonspendable	7,197	-	150,000
Restricted	-	46,733	1,447,256
Assigned	-	-	-
Unassigned	(15,360)	-	-
Total Fund Balances (Deficits)	<u>(8,163)</u>	<u>46,733</u>	<u>1,597,256</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 236,114</u>	<u>\$ 46,733</u>	<u>\$ 1,597,256</u>

Debt Service	Total Non-Major Governmental Funds	
	2016	2015
\$ 5,508	\$ 516,216	\$ 535,875
-	1,343,533	1,252,350
-	18,665	19,431
625,525	625,525	580,373
625,525	644,190	599,804
-	7,197	5,786
<u>\$ 631,033</u>	<u>\$ 2,511,136</u>	<u>\$ 2,393,815</u>
\$ -	\$ -	\$ 1,600
-	522	398
-	209,185	212,665
-	34,570	38,651
-	244,277	253,314
-	157,197	155,786
631,033	2,125,022	1,981,586
-	-	3,129
-	(15,360)	-
631,033	2,266,859	2,140,501
<u>\$ 631,033</u>	<u>\$ 2,511,136</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, 2016  
(With Comparative Totals for 2015)

	School Lunch	Special Purpose	Permanent
<b>REVENUES</b>			
Use of money and property	\$ 135	\$ 50	\$ 131,515
State aid	11,766	-	-
Federal aid	294,483	-	-
Food sales	486,292	-	-
Miscellaneous	8,127	5,935	-
Total Revenues	<u>800,803</u>	<u>5,985</u>	<u>131,515</u>
<b>EXPENDITURES</b>			
Current			
Cost of food sales	817,881	-	-
Other	-	6,117	33,595
Debt service			
Refunding bond issuance costs	-	-	-
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>817,881</u>	<u>6,117</u>	<u>33,595</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(17,078)</u>	<u>(132)</u>	<u>97,920</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Payment to refunding bond escrow agent	-	-	-
Refunding bonds issued	-	-	-
Issuance premium	-	-	-
Transfers in	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(17,078)</u>	<u>(132)</u>	<u>97,920</u>
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year, as reported	8,915	46,865	1,499,336
Prior Period Adjustment	-	-	-
Beginning of Year, as restated	<u>8,915</u>	<u>46,865</u>	<u>1,499,336</u>
End of Year	<u>\$ (8,163)</u>	<u>\$ 46,733</u>	<u>\$ 1,597,256</u>

Debt Service	Total Non-Major Governmental Funds	
	2016	2015
\$ 45,649	\$ 177,349	\$ (129,629)
-	11,766	12,258
-	294,483	283,846
-	486,292	502,224
-	14,062	1,500
<u>45,649</u>	<u>983,952</u>	<u>670,199</u>
-	817,881	825,089
-	39,712	33,673
-	-	629,352
2,363,069	2,363,069	1,868,768
1,385,143	1,385,143	860,341
<u>3,748,212</u>	<u>4,605,805</u>	<u>4,217,223</u>
<u>(3,702,563)</u>	<u>(3,621,853)</u>	<u>(3,547,024)</u>
-	-	(8,872,562)
-	-	8,570,000
-	-	990,453
<u>3,748,211</u>	<u>3,748,211</u>	<u>2,730,023</u>
<u>3,748,211</u>	<u>3,748,211</u>	<u>3,417,914</u>
<u>45,648</u>	<u>126,358</u>	<u>(129,110)</u>
585,385	2,140,501	500,338
-	-	1,769,273
<u>585,385</u>	<u>2,140,501</u>	<u>2,269,611</u>
<u>\$ 631,033</u>	<u>\$ 2,266,859</u>	<u>\$ 2,140,501</u>

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

School Lunch Fund  
 Comparative Balance Sheet  
 June 30,

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 210,252	\$ 237,012
State and Federal aid receivable	18,665	19,431
Inventories	7,197	5,786
	<u>236,114</u>	<u>262,229</u>
<b>Total Assets</b>	<b>\$ 236,114</b>	<b>\$ 262,229</b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>		
<b>Liabilities</b>		
Accrued liabilities	\$ -	1,600
Due to other governments	522	398
Due to other funds	209,185	212,665
Unearned revenues	34,570	38,651
	<u>244,277</u>	<u>253,314</u>
<b>Total Liabilities</b>	<b>244,277</b>	<b>253,314</b>
<b>Fund balance (deficit)</b>		
Nonspendable	7,197	5,786
Assigned	-	3,129
Unassigned	(15,360)	-
	<u>(8,163)</u>	<u>8,915</u>
<b>Total Fund Balance (Deficit)</b>	<b>(8,163)</b>	<b>8,915</b>
<b>Total Liabilities and Fund Balance (Deficit)</b>	<b>\$ 236,114</b>	<b>\$ 262,229</b>

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

School Lunch Fund

Comparative Statement of Revenues, Expenditures and

Changes in Fund Balance

Years Ended June 30,

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Use of money and property	\$ 135	\$ 122
State aid	11,766	12,258
Federal aid	294,483	283,846
Food sales	486,292	502,224
Miscellaneous	8,127	-
	<u>800,803</u>	<u>798,450</u>
<b>EXPENDITURES</b>		
Current		
Cost of food sales	<u>817,881</u>	<u>825,089</u>
	(17,078)	(26,639)
Deficiency of Revenues Over Expenditures		
<b>FUND BALANCE (DEFICIT)</b>		
Beginning of Year	<u>8,915</u>	<u>35,554</u>
End of Year	<u>\$ (8,163)</u>	<u>\$ 8,915</u>

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

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 46,733</u>	<u>\$ 46,865</u>
<b>FUND BALANCE</b>		
Restricted	<u>\$ 46,733</u>	<u>\$ 46,865</u>



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

Special Purpose Fund  
 Comparative Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 Years Ended June 30,

	2016	2015
<b>REVENUES</b>		
Use of money and property	\$ 50	\$ 49
Miscellaneous	5,935	1,500
<b>Total Revenues</b>	<u>5,985</u>	<u>1,549</u>
<b>EXPENDITURES</b>		
Current		
Other	<u>6,117</u>	<u>3,775</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(132)</u>	<u>(2,226)</u>
<b>FUND BALANCE</b>		
Beginning of Year, as reported	46,865	-
Prior Period Adjustment	<u>-</u>	<u>49,091</u>
Beginning of Year, as restated	<u>46,865</u>	<u>49,091</u>
End of Year	<u>\$ 46,733</u>	<u>\$ 46,865</u>

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

Permanent Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 253,723	\$ 246,986
Investments	<u>1,343,533</u>	<u>1,252,350</u>
Total Assets	<u>\$ 1,597,256</u>	<u>\$ 1,499,336</u>
<b>FUND BALANCE</b>		
Nonspendable	\$ 150,000	\$ 150,000
Restricted	<u>1,447,256</u>	<u>1,349,336</u>
Total Fund Balance	<u>\$ 1,597,256</u>	<u>\$ 1,499,336</u>

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

Permanent Fund  
 Comparative Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 Years Ended June 30,

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Use of money and property	\$ 131,515	\$ (190,948)
<b>EXPENDITURES</b>		
Current		
Other	<u>33,595</u>	<u>29,898</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>97,920</u>	<u>(220,846)</u>
<b>FUND BALANCE</b>		
Beginning of Year, as reported	1,499,336	-
Prior Period Adjustment	<u>-</u>	<u>1,720,182</u>
Beginning of Year, as restated	<u>1,499,336</u>	<u>1,720,182</u>
End of Year	<u><u>\$ 1,597,256</u></u>	<u><u>\$ 1,499,336</u></u>

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

Debt Service Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 5,508	\$ 5,012
Due from other funds	<u>625,525</u>	<u>580,373</u>
 Total Assets	 <u>\$ 631,033</u>	 <u>\$ 585,385</u>
 <b>FUND BALANCE</b>		
Restricted	 <u>\$ 631,033</u>	 <u>\$ 585,385</u>

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

Debt Service Fund  
 Comparative Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 Years Ended June 30,

	2016	2015
<b>REVENUES</b>		
Use of money and property	\$ 45,649	\$ 61,148
<b>EXPENDITURES</b>		
Debt service		
Bond issuance costs	-	629,352
Principal		
Serial bonds	2,185,000	1,695,000
Energy performance contract debt	178,069	173,768
	<u>2,363,069</u>	<u>1,868,768</u>
Interest		
Serial bonds	1,317,019	787,916
Energy performance contract debt	68,124	72,425
	<u>1,385,143</u>	<u>860,341</u>
Total Expenditures	<u>3,748,212</u>	<u>3,358,461</u>
Deficiency of Revenues Over Expenditures	<u>(3,702,563)</u>	<u>(3,297,313)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Payment to refunding bond escrow agent	-	(8,872,562)
Refunding bonds issued	-	8,570,000
Issuance premium	-	990,453
Transfers in	3,748,211	2,730,023
Total Other Financing Sources	<u>3,748,211</u>	<u>3,417,914</u>
Net Change in Fund Balance	45,648	120,601
<b>FUND BALANCE</b>		
Beginning of Year	<u>585,385</u>	<u>464,784</u>
End of Year	<u>\$ 631,033</u>	<u>\$ 585,385</u>

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

General Fund  
 Analysis of Change from Adopted Budget to Final Budget  
 Year Ended June 30, 2016

---

Adopted Budget		\$ 107,078,660
Additions		
Encumbrances		<u>101,662</u>
Original Budget		107,180,322
Budget Amendments		<u>483,845</u>
Final Budget		<u><u>\$ 107,664,167</u></u>

General Fund  
 Section 1318 of Real Property Tax Law Limit Calculation  
 Year Ended June 30, 2016

---

2016-17 Expenditure Budget \$ 109,482,695

General Fund Fund Balance Subject to  
 Section 1318 of Real Property Tax Law  
 Unrestricted fund balance

Assigned	2,895,206
Unassigned	<u>3,022,718</u>
Total Unrestricted Fund Balance	<u>5,917,924</u>

Less

Appropriated for subsequent year's budget	2,800,000
Encumbrances	<u>95,206</u>
Total Adjustments	<u>2,895,206</u>

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

\$ 3,022,718

Actual Percentage

2.76%

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

**Schedule of Net Investment in Capital Assets  
Year Ended June 30, 2016**

---

Capital Assets, net		\$ 55,189,210
Add		
Unamortized portion of loss on refunding bonds		<u>148,171</u>
Less		
Bonds payable	41,460,000	
Energy performance contract debt payable	2,635,427	
Installment purchase debt payable	91,008	
Unamortized portion of premium on refunding bonds	<u>860,901</u>	<u>(45,047,336)</u>
Net Investment in Capital Assets		<u>\$ 10,290,045</u>

(This page intentionally left blank)

---





**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, 2016, 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 6, 2016.

**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.

*PKF O'Connor Davies, LLP*  
**PKF O'Connor Davies, LLP**  
Harrison, New York  
October 6, 2016



**Report on Compliance For Each Major Federal Program and Report  
On Internal Control Over Compliance Required by  
the Uniform Guidance**

**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 *OMB 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, 2016. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2016.

### **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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

October 6, 2016

Rockville Centre Union Free School District, New York

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub- Recipients</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	-	\$ -	\$ 42,104
National School Lunch Program (NSLP) - Commodities	10.555	-	-	46,810
National School Lunch Program (NSLP) - Cash	10.555	-	-	205,569
Total U.S. Department of Agriculture			-	294,483
<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	032-16-0429	-	792,020
Special Education - Preschool Grants (IDEA Preschool)	84.173	033-16-0429	-	27,519
Subtotal Special Education Cluster			-	819,539
Title I Grants to Local Educational Agencies	84.010	021-16-1550	-	242,031
Supporting Effective Acquisition State Grants	84.367	147-15-1550	-	9,040
Supporting Effective Acquisition State Grants	84.367	147-16-1550	-	90,077
			-	99,117
Total U.S. Department of Education			-	1,160,687
Total			\$ -	\$ 1,455,170

(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, 2016

---

**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, 2016. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("*Uniform Guidance*"). 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through identifying numbers are presented where available.

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

**Summary Schedule of Prior Audit Findings  
Year ended June 30, 2016**

---

None

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

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016

---

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

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

\_\_\_ Yes     X  No  
\_\_\_ Yes     X  None reported

Noncompliance material to financial statements noted?

\_\_\_ Yes     X  No

***Federal Awards***

Internal control over major federal programs:

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

\_\_\_ Yes     X  No  
\_\_\_ Yes     X  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 2 CFR 200.516(a)?

\_\_\_ Yes     X  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?

\$750,000  
 X  Yes    \_\_\_ No



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

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016

---

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None