

*ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK*

*FINANCIAL REPORT*

*JUNE 30, 2015*

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

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*JUNE 30, 2015*

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# ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

MANAGEMENT'S DISCUSSION

AND ANALYSIS (UNAUDITED)

JUNE 30, 2015

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As management of the Enlarged City School District of Troy, New York, we offer the reader of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2015. We encourage readers to consider the information presented here, in conjunction with information provided in the financial statements. This discussion and analysis is intended to serve as an introduction to the District's basic financial statements.

## FINANCIAL HIGHLIGHTS

- Total net position decreased by \$5,115,804 and \$3,665,387 during the course of 2015 and 2014 primarily due to the recognition of postemployment benefits as required by the implementation of GASB 45.
- District-wide revenues were \$108,618,717 and \$104,091,285 for 2015 and 2014, respectively; district wide expenditures were \$113,734,521 and \$107,756,672 for 2015 and 2014, respectively.
- General fund revenues exceeded (were less than) general fund expenditures by \$1,032,552 and \$(326,297) for the years ended June 30, 2015 and 2014, respectively.
- General fund equity was \$16,971,150 at June 30, 2015 as compared to \$15,938,598 at June 30, 2014.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The District's annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the entity-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

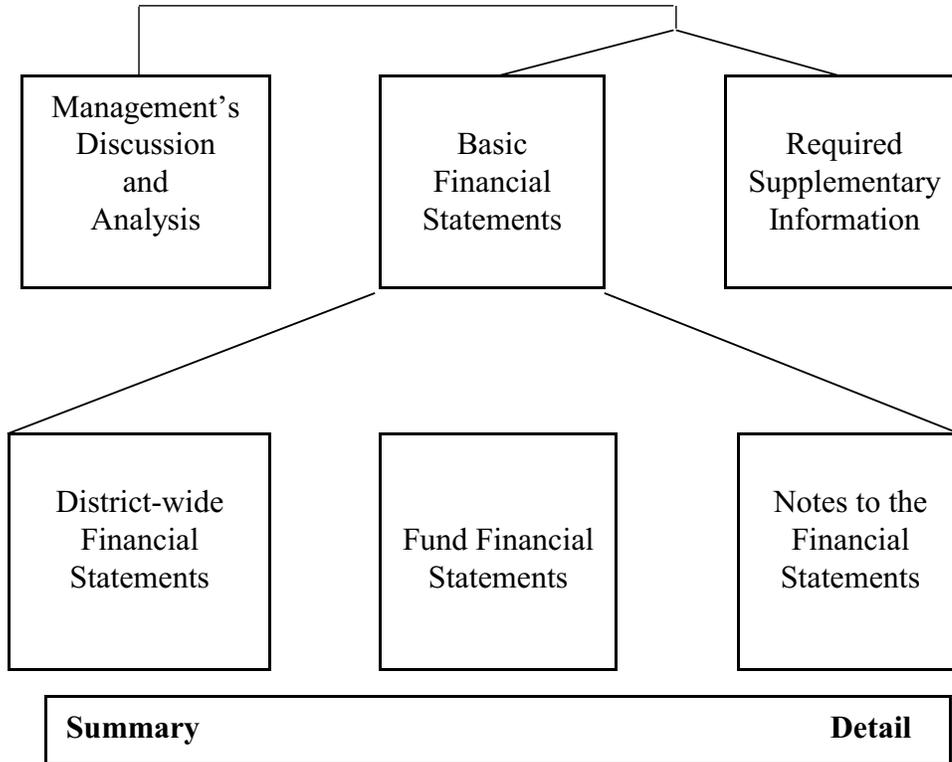
The financial statements also include notes that provide additional information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another. Table A-2 summarizes the major features of the financial statements.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)(CONTINUED)  
JUNE 30, 2015

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**Table A-1:** Organization of the Enlarged City School District of Troy, New York's Annual Financial Report



**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED) (CONTINUED)  
JUNE 30, 2015

**Table A-2:** Summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Table A-2: Major Features of the Entity-wide and Fund Financial Statements**

<u>Description</u>	<u>Entity-wide Statements</u>	<u>Fund Financial Statements</u>	
		<u>Governmental</u>	<u>Fiduciary</u>
1. Scope	Entire district (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
2. Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
3. Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
4. Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term; funds do not contain capital assets, although they can
5. Type of inflow and outflow information	All revenues and expenses during year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

# ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED) (CONTINUED)  
JUNE 30, 2015

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## DISTRICT-WIDE FINANCIAL STATEMENTS

The *district-wide* financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets and liabilities of the District, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets 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 assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The district-wide financial statements can be found on pages 14-15 of this report.

## FUND FINANCIAL STATEMENTS

The fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

- **Governmental funds:** Most of the District's 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 funds 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 District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information in the reconciliation section of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary funds:** The District is the trustee or *fiduciary* for assets that belong to others, such as the 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 fund financial statements can be found on pages 16-19 of this report.

## DISTRICT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$12,568,741 at June 30, 2015. We refer you to the notes to the financial statements for more detailed information.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED) (CONTINUED)  
JUNE 30, 2015

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**Table A-3: Condensed Statement of Net Position - Governmental Activities**  
(in millions)

	<b>Fiscal Year 2015</b>	<b>Fiscal Year 2014</b>
Current and Other Assets	\$ 34.3	\$ 36.2
Capital Assets	120.4	118.7
Pension Assets, Net	21.6	-
Total Assets	176.3	154.9
Deferred Outflows	.2	-
Current Liabilities	20.7	65.6
Long-term Debt Outstanding	127.7	77.8
Total Liabilities	148.4	143.4
Deferred Inflows	15.5	-
Investment in Capital Assets, Net of Related Debt	51.1	40.5
Restricted	2.4	2.6
Reduction of Future Property Taxes	8.9	8.9
Unassigned Deficit	(49.8)	(40.5)
Total Net Position	\$ 12.6	\$ 11.5

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**CHANGES IN NET POSITION**

A large portion of the District's net position reflects its investment in capital assets (e.g. land, buildings and improvements and furniture and equipment), less any related debt (serial bonds payable) used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations to students, employees and creditors.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED) (CONTINUED)  
JUNE 30, 2015

**Table A-4: Changes in Net Position from Operating Results  
Governmental Activities Only**

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	<b>Fiscal Year <u>2015</u></b>	<b>Fiscal Year <u>2014</u></b>
<b>Changes in Net Position from Operating Results</b>		
Program Revenues:		
Charges for Services	\$ 906,245	\$ 1,015,710
Operating Grants	10,245,793	10,028,864
General Revenues:		
Real Property & Utility Taxes	37,686,857	36,677,547
Use of Money and Property	46,737	52,685
Miscellaneous	2,256,366	2,699,117
State Sources	57,254,218	53,081,188
Federal Sources	<u>222,501</u>	<u>536,174</u>
Total Revenues	<u>108,618,717</u>	<u>104,091,285</u>
Expenses:		
General Support	8,620,614	8,459,354
Instruction	62,376,349	62,194,126
Pupil Transportation	4,555,828	5,144,546
Employee Benefits	28,616,409	24,458,635
Interest Expense	3,852,439	1,986,202
Other	2,359,243	2,061,634
Depreciation - Unallocated	<u>3,353,639</u>	<u>3,452,175</u>
Total Expenses	<u>113,734,521</u>	<u>107,756,672</u>
Change in Net Position	<u>\$ (5,115,804)</u>	<u>\$ (3,665,387)</u>

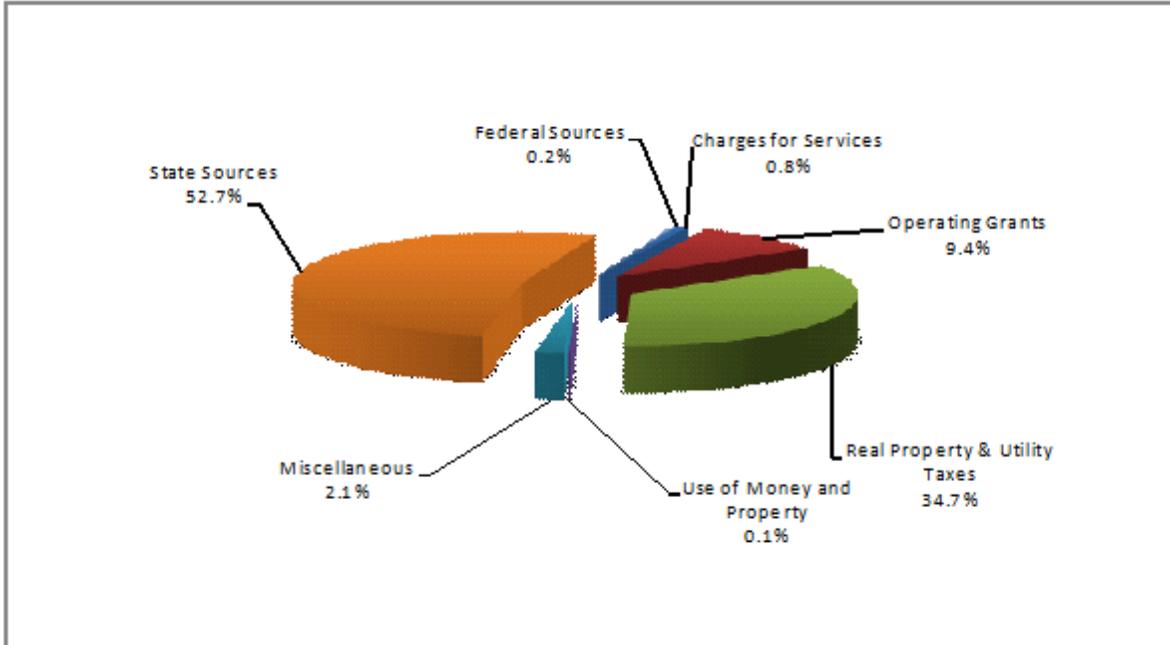
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**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

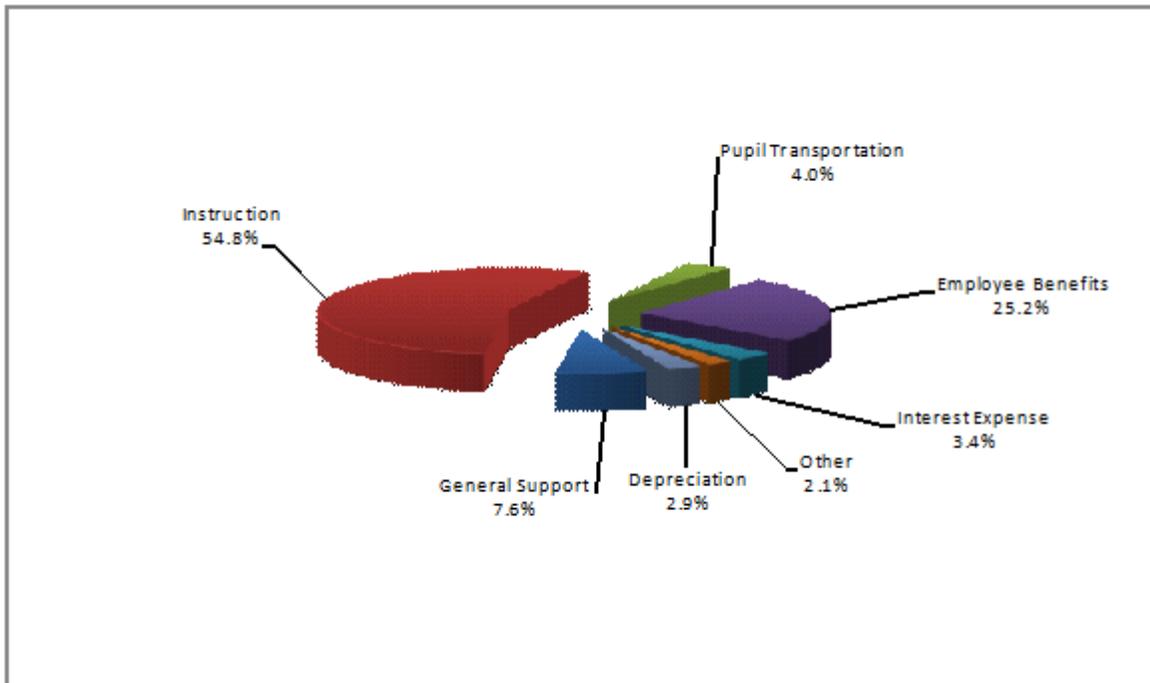
*MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED) (CONTINUED)*

*JUNE 30, 2015*

**Table A-5: Sources of Revenue for Fiscal Year 2015**



**Table A-6: Expenses for Fiscal Year 2015**



**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED) (CONTINUED)  
JUNE 30, 2015

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**GOVERNMENTAL FUNDS**

*Financial Analysis of the District's Funds* - As explained earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. The District has designated portions of the reserved fund balance to earmark resources for certain governmental funds. The unreserved fund balance is divided between designated and undesignated balances. The District has designated a portion of the unreserved fund balance for subsequent year's expenditures. Fund balance of capital projects and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

*General Fund* - The general fund is the chief operating fund of the District. Financial highlights include:

Total General Fund revenues for 2014-2015 were \$97,430,967, an increase of 6.7% from 2013-2014. The key factors in this increase were higher state aid and property tax receipts in 2014-2015.

Total General Fund expenditures for 2014-2015 were \$95,907,231, an increase of 5.4% from 2013-2014. The key factors in this increase were higher instructional and employee benefits expenditures.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED) (CONTINUED)  
JUNE 30, 2015

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of fiscal year 2015, the District had invested \$120,459,196 net of depreciation of \$59,041,801, in a broad range of capital assets, including school buildings, transportation facility, administrative buildings, athletic facilities, computer and audio-visual equipment and buses. This amount represents an increase of \$1,711,414 from fiscal year-end 2014 (more detailed information about capital assets can be found in Note 2. A.IV. to the financial statements). Total depreciation expense for the year was \$3,353,639, while equipment acquisitions and additional construction on capital projects amounted to \$4,783,996 during the year.

The following table reflects the total net cost of various building renovations and additions, technology and equipment expenditures through the end of fiscal year 2015 and 2014:

**Table A-7: Capital Assets, Net of Depreciation  
(in millions)**

<b>Category</b>	<b>Fiscal Year-End <u>2015</u></b>	<b>Fiscal Year-End <u>2014</u></b>
Land and Land Improvements	\$ 3.2	\$ 3.5
Construction in Progress	61.3	56.2
Buildings	54.4	57.3
Machinery, Equipment and Vehicles	1.6	1.8
Total	<u>\$ 120.5</u>	<u>\$ 118.8</u>

**Short-Term Debt**

The District borrowed \$720,000 in bond anticipation notes in July 2014 to fund the outstanding capital projects. More detailed information about the District's short-term debt is presented in Note 2.B III to the Financial Statements.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED) (CONTINUED)  
JUNE 30, 2015

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**Long-Term Debt**

At year-end June 30, 2015 the District had \$68.6 million in general obligation and approximately \$63.7 million in other long-term debt outstanding. More detailed information about the District's long-term liabilities is presented in Note 2. B.III. to the Financial Statements.

**Table A-8: Outstanding Long-Term Debt**

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<b>Category</b>	<b>Fiscal Year-End <u>2015</u></b>	<b>Fiscal Year-End <u>2014</u></b>
Serial and Statutory Installment Bonds	\$ 68,640,000	\$ 31,155,000
Unamortized Bond Premium	6,205,844	-
Compensated Absences	3,521,792	3,587,020
Other Postemployment Benefits	53,968,338	45,495,270
	<u>\$ 132,335,974</u>	<u>\$ 80,237,290</u>

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**FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

The District is dependent on the State of New York for state aid, historically in the 50-60% range of all revenues. Should aid be reduced as a result of the State being in a deficit situation or compelled to send a larger portion of aid to New York City, the effect will be felt in the District. At this time the District must appropriate over five million dollars to cover the cost of District charter school students. Significant financial stress will be placed on the District's financial health unless changes are made in the way charter schools are financed. The continuing increases in health insurance, utilities and pension costs cause funds to be diverted from sound educational programs.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

Enlarged City School District of Troy, New York  
Attn: Assistant Superintendent for Business  
475 1<sup>st</sup> Street  
Troy, New York 12180  
(518) 328-5005

**CUSACK & COMPANY**  
**Certified Public Accountants LLC**  
7 AIRPORT PARK BOULEVARD  
LATHAM, NEW YORK 12110  
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NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Enlarged City School District of Troy, New York

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Enlarged City School District of Troy, New York ( the“District”), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

### ***Management’s Responsibility for the Financial Statements***

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

### ***Auditor’s Responsibility***

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

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

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

## ***Opinion***

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

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of funding progress - other postemployment plans on pages 1-10 and 49-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information on pages 53-57 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 62 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplemental information on pages 53-57 and the schedule of expenditures of federal awards or page 62 are the responsibility of management and was 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 combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
October 13, 2015

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

STATEMENT OF NET POSITION

JUNE 30, 2015

**ASSETS AND DEFERRED OUTFLOWS**

Current Assets:	
Unrestricted Cash	\$ 17,582,624
Restricted Cash	3,496,324
Taxes Receivable	5,238,542
State and Federal Aid Receivable	5,394,525
Due from Other Governments	1,541,286
Accounts Receivable	274,418
Other Receivables	645,667
Inventories	48,677
Capital Assets, Net	120,459,196
Pension Assets, Net	21,624,539
Total Assets	<u>176,305,798</u>
Deferred Outflows, Pension	<u>166,617</u>
Total Assets and Deferred Outflows	<u>\$ 176,472,415</u>

**LIABILITIES AND DEFERRED INFLOWS**

Current Liabilities:	
Accounts Payable	\$ 3,784,939
Accrued Liabilities	4,404,797
Due to Other Governments	971
Accrued Interest	615,748
Due to Teachers' Retirement Plan	5,967,071
Due to Employees' Retirement System	359,984
Bond Anticipation Notes Payable	720,000
Overpayments and Collections in Advance	93
Unearned Revenue	264,155
Bonds Due and Payable Within One Year	4,675,000
Long-term Liabilities:	
Bonds	63,965,000
Unamortized Bond Premium	6,205,844
Compensated Absences	3,521,792
Other Postemployment Benefits	53,968,338
Total Liabilities	<u>148,453,732</u>
Deferred Inflows, Pension	<u>15,449,942</u>
Total Liabilities and Deferred Inflows	<u>163,903,674</u>

**NET POSITION**

Invested in Capital Assets, Net of Related Debt	51,143,090
Restricted for:	
Debt	412,358
Other Reserves	1,885,247
Unassigned:	
Reduction of Future Property Taxes	8,925,000
Unassigned Deficit	<u>(49,796,954)</u>
Total Net Position	<u>12,568,741</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 176,472,415</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Expenses and Change Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
Functions/Programs:				
General Support	\$ 8,620,614	\$ (87,362)	\$ (166,523)	\$ 8,366,729
Instruction	62,376,349	(707,239)	(7,934,167)	53,734,943
Pupil Transportation	4,555,828	(31,175)	-	4,524,653
Community Service	34,994	-	-	34,994
Employee Benefits	28,616,409	-	-	28,616,409
Debt Service - Interest	3,852,439	-	-	3,852,439
Depreciation - Unallocated (includes direct expense of various functions and programs)	3,353,639	-	-	3,353,639
School Lunch Program	<u>2,324,249</u>	<u>(80,469)</u>	<u>(2,145,103)</u>	<u>98,677</u>
Total Functions and Programs	<u>\$ 113,734,521</u>	<u>\$ (906,245)</u>	<u>\$ (10,245,793)</u>	<u>102,582,483</u>
General Revenues:				
Real Property Taxes				31,377,720
Other Tax Items				4,725,361
Nonproperty Taxes				1,583,776
Use of Money and Property				46,737
Sale of Property and Compensation for Loss				111,956
State Aid				57,254,218
Federal Aid				222,501
Miscellaneous				1,985,917
Premium on BAN Issuance				<u>158,493</u>
Total General Revenues				<u>97,466,679</u>
Change in Net Position				(5,115,804)
Total Net Position, Beginning of Year, as Restated				<u>17,684,545</u>
Total Net Position, End of Year				<u>\$ 12,568,741</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
**BALANCE SHEET- GOVERNMENTAL FUNDS AND**  
**RECONCILIATION TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**JUNE 30, 2015**

	<u>General</u>	<u>\$64.9 Million Capital Project</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>Current Assets:</b>				
Cash				
Unrestricted	\$ 15,750,967	\$ -	\$ 1,831,657	\$ 17,582,624
Restricted	3,452,440	43,884	-	3,496,324
Receivables				
Taxes	5,238,542	-	-	5,238,542
Due from Other Funds	6,838,119	574,238	214,228	7,626,585
State and Federal Aid	3,060,601	-	2,333,924	5,394,525
Due from Other Governments	1,541,286	-	-	1,541,286
Other	266,550	-	7,868	274,418
Inventories	-	-	48,677	48,677
Total Assets	<u>\$ 36,148,505</u>	<u>\$ 618,122</u>	<u>\$ 4,436,354</u>	<u>\$ 41,202,981</u>
<b>Current Liabilities:</b>				
Payables				
Accounts Payable	\$ 3,485,668	\$ 1,224	\$ 298,047	\$ 3,784,939
Accrued Liabilities	4,404,797	-	-	4,404,797
Due to Other Funds	782,078	4,448,589	2,395,918	7,626,585
Due to Other Governments	162	-	809	971
Due to Teachers' Retirement System	5,967,071	-	-	5,967,071
Due to Employees' Retirement System	359,984	-	-	359,984
Bond Anticipation Notes Payable	-	720,000	-	720,000
Overpayments and Collections in Advance	93	-	-	93
Unearned Revenue	120,994	-	143,161	264,155
Total Liabilities	<u>15,120,847</u>	<u>5,169,813</u>	<u>2,837,935</u>	<u>23,128,595</u>
<b>Deferred Inflows of Resources:</b>				
Uncollected Real Estate Taxes	<u>4,056,508</u>	<u>-</u>	<u>-</u>	<u>4,056,508</u>
<b>Fund Balances:</b>				
Nonspendable:				
Inventories	-	-	48,677	48,677
Restricted for:				
Judgments and Claims	500,127	-	-	500,127
Employee Benefits Accrued Liabilities	906,375	-	-	906,375
Debt Service	-	-	412,358	412,358
Workers' Compensation	396,709	-	-	396,709
Unemployment Insurance	82,036	-	-	82,036
Assigned for:				
General Support	1,862,871	-	-	1,862,871
Instruction	345,667	-	-	345,667
Food Service	-	-	1,137,384	1,137,384
Appropriated for Subsequent Year Expenditures	8,925,000	-	-	8,925,000
Unassigned:				
Unassigned (Deficit)	3,952,365	(4,551,691)	-	(599,326)
Total Fund Balance (Deficit)	<u>16,971,150</u>	<u>(4,551,691)</u>	<u>1,598,419</u>	<u>14,017,878</u>
Total Liability, Deferred Inflows and Fund Balance	<u>\$ 36,148,505</u>	<u>\$ 618,122</u>	<u>\$ 4,436,354</u>	<u>\$ 41,202,981</u>

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balances per above	\$	14,017,878
Long-term receivables are not financial resources and, therefore, are not reported in the funds.		645,667
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		120,459,196
Pension assets, net of deferred outflows, inflows and pension liability.		6,341,214
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and, therefore, are not reported in funds.		(72,161,792)
Deferral of charges for property taxes and state aid earned in the current are recognized as revenue under full accrual accounting.		4,056,508
Other postemployment benefit liability is recognized as a liability under full accrual accounting.		(53,968,338)
Interest payable in the district-wide statements under full accrual accounting.		(615,748)
Premium on bond borrowings is deferred in the district-wide financial statements under full accrual accounting.		(6,205,844)
Net Position of Governmental Activities	<u>\$</u>	<u>12,568,741</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>\$64.9 Million Capital Project</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Real Property Taxes	\$ 30,535,929	\$ -	\$ -	\$ 30,535,929
Other Tax Items	4,725,361	-	-	4,725,361
Nonproperty Taxes	1,583,776	-	-	1,583,776
Charges for Service	825,776	-	-	825,776
Use of Money and Property	41,773	-	4,964	46,737
Sale of Property and Compensation for Loss	111,956	-	-	111,956
Interfund Revenues	166,555	-	-	166,555
State Aid	57,254,218	-	1,988,798	59,243,016
Sales	-	-	80,469	80,469
Miscellaneous	1,963,122	-	22,795	1,985,917
Federal Aid	222,501	-	8,256,995	8,479,496
Total Revenues	<u>97,430,967</u>	<u>-</u>	<u>10,354,021</u>	<u>107,784,988</u>
<b>Expenditures:</b>				
General Support	8,780,244	-	166,523	8,946,767
Instruction	54,877,672	-	8,039,653	62,917,325
Pupil Transportation	4,574,504	-	-	4,574,504
Community Service	35,036	-	-	35,036
Employee Benefits	20,298,242	-	-	20,298,242
Debt Service				
Principal	3,153,779	-	-	3,153,779
Interest	4,187,754	-	-	4,187,754
Cost of Sales	-	-	2,324,370	2,324,370
Capital Outlay	-	4,410,868	-	4,410,868
Total Expenditures	<u>95,907,231</u>	<u>4,410,868</u>	<u>10,530,546</u>	<u>110,848,645</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,523,736</u>	<u>(4,410,868)</u>	<u>(176,525)</u>	<u>(3,063,657)</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	48,590	434,288	105,486	588,364
Operating Transfers Out	(539,774)	(48,590)	-	(588,364)
Premium on BAN Issuance	-	158,493	-	158,493
Proceeds from Bond Issuance	-	40,638,779	-	40,638,779
Net Premium on Bond Issuances	-	6,205,844	-	6,205,844
Total Other Financing Sources (Uses)	<u>(491,184)</u>	<u>47,388,814</u>	<u>105,486</u>	<u>47,003,116</u>
Excess of Revenues and Other Sources Over Expenditures and Other (Uses)	1,032,552	42,977,946	(71,039)	43,939,459
Fund Balance (Deficit), Beginning of Year	<u>15,938,598</u>	<u>(47,529,637)</u>	<u>1,669,458</u>	<u>(29,921,581)</u>
Fund Balance (Deficit), End of Year	<u>\$ 16,971,150</u>	<u>\$ (4,551,691)</u>	<u>\$ 1,598,419</u>	<u>\$ 14,017,878</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015*

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Net Changes in Fund Balance - Governmental Funds	\$ 43,939,459
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	5,065,053
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(3,353,639)
Proceeds from long-term debt is recognized as revenue in the governmental funds, but is a liability in the statement of activities.	(40,638,779)
Net pension expense in accordance with GASB 68 is an expense in the district-wide financial statements under full accrual accounting.	154,901
Premium on long-term debt is recognized as revenue in the governmental funds, but is a liability that is amortized over the life of the borrowing in the district-wide financial statements.	(6,205,844)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	3,153,779
Certain revenue recognized in the governmental funds were recorded in the prior year as a receivable in the balance sheet do not meet the revenue recognition criteria under the modified accrual basis of accounting and is not recognized in the governmental funds.	841,791
Interest is recognized as an expense in governmental funds when paid. For governmental activities interest expense is recognized as it accrues. The decrease in accrued interest during 2015 results in less expense.	335,315
Certain expenses in the statement of activities related to the long-term compensated absences liability do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental fund. The decrease in the liability in 2015 results in less expense.	65,228
Certain postemployment benefits are recognized as an expense in the statement of activities under full accrual accounting.	<u>(8,473,068)</u>
Change in Net Position of Governmental Activities	<u>\$ (5,115,804)</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
 STATEMENT OF FIDUCIARY NET POSITION AND STATEMENT OF CHANGES IN NET POSITION  
 JUNE 30, 2015

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	<u>Agency</u>	<u>Private Purpose Trusts</u>
<b>Current Assets</b>		
Cash - Unrestricted	\$ 232,927	\$ -
Cash - Restricted	<u>61,705</u>	<u>170,123</u>
Total Assets	<u><u>\$ 294,632</u></u>	<u><u>\$ 170,123</u></u>
<b>Current Liabilities</b>		
Extraclassroom Activity Balances	\$ 61,705	\$ -
Other Liabilities	<u>232,927</u>	<u>-</u>
Total Liabilities	<u><u>\$ 294,632</u></u>	<u><u>-</u></u>
<b>Net Position</b>		
Restricted for Scholarships		<u>170,123</u>
Total Net Position		<u><u>170,123</u></u>
 Total Liabilities and Net Position		 <u><u>\$ 170,123</u></u>

		<u>Private Purpose Trusts</u>
<b>Additions:</b>		
Gifts and Contributions		\$ 2,580
Investment Earnings		<u>172</u>
Total Additions		2,752
<b>Deductions:</b>		
Scholarship and Awards		<u>4,139</u>
Change in Net Position		(1,387)
Net Position - Beginning of Year		<u>171,510</u>
Net Position - End of Year		<u><u>\$ 170,123</u></u>

# ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Enlarged City School District of Troy, New York (“the District”) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles.

### A. Reporting Entity

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity as Amended by GASB Statement 61. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit. The District is not a component unit of another reporting entity.

The decision to include a potential component unit in the reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of an entity included in the School District’s reporting entity.

#### *The Extraclassroom Activity Fund*

The extraclassroom activity funds of the District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The extraclassroom activity fund is independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity fund can be found at pages 65-69.

### B. Joint Venture

The District is a component district in Questar III - Rensselaer-Columbia-Greene BOCES (“BOCES”). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities.

BOCES are organized under §1950 of the New York Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program and capital costs. Each component district’s share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7).

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***B. Joint Venture (Continued)***

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law.

During the year ended June 30, 2015, the District was billed \$8,219,953 for BOCES administrative and program costs. General purpose financial statements for the Questar III-Rensselaer-Columbia-Greene BOCES are available from the BOCES administrative offices at 10 Empire State Blvd., Castleton, NY 12033. The District's share of BOCES income amounted to \$1,960,745. BOCES additionally held in reserve \$2,879,414 in funds originally to be used to offset postemployment benefit costs. BOCES intends to use these funds to offset future administrative charges over a period of at least 5 years.

The District is also a member in the Rensselaer-Columbia-Greene Group Health Insurance Trust (the "Trust"). The Trust is considered a public entity risk pool which is defined as a cooperative group of governmental entities joining together to finance an exposure, liability or risk, and is tax-exempt under Section 501(c)(9) of the Internal Revenue Code. The Trust includes New York public school districts located in Rensselaer, Columbia and Greene Counties. The Trust was formed on July 1, 1985 to allow member schools to obtain health insurance and prescription drug benefits at lower cost through a pooled purchasing arrangement. The Trust procures group insurance contracts with insurance carriers for medical, prescription drug and dental benefits, in which the Trust is not liable for any medical, dental or prescription drug claims. However, the Trust also maintains a self-insured prescription drug plan for which the individual Trust members are liable for any claims in excess of the balances maintained by the Trust. As of June 30, 2015, the District's prescription drug plan account balance maintained by the Trust is \$165,806, which approximates the estimated outstanding liability for self-insured prescription drugs. Additionally, the District has distributions receivable from the Trust of \$645,667 at June 30, 2015. The District anticipates receiving \$322,616 in 2016 and \$323,051 in 2017.

***C. Basis of Presentation***

***District-wide Statements***

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. *Basis of Presentation (Continued)*

*Fund Financial Statements*

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

I. **Governmental Fund Types**

The District reports the following major governmental fund:

General Fund

The general fund is the principal operating fund and is used to account for all of the District's operations not required to be accounted for in another fund.

All remaining governmental funds are aggregated and reported as non-major funds:

1. Special Revenue Funds

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

a. Special Aid Fund

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

b. School Lunch Fund

Used to account for transactions of the lunch and breakfast programs.

2. Capital Projects Fund

The capital projects fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

3. Debt Service Fund

The debt service fund is used to account for the advanced refunding of debt and unspent proceeds of borrowings that are restricted for debt service.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Presentation (Continued)**

***Fund Financial Statements (Continued)***

**II. Fiduciary Fund Type**

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

**D. Basis of Accounting/Measurement Focus**

***General Information***

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are recorded at the time obligations are incurred, regardless of when the related cash transactions take place.

Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

**E. Unearned Revenue and Deferred Outflows and Inflows of Resources**

Unearned revenue arises when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, or when the District has legal claim to the resources, the liability is removed and revenue is recognized.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***E. Unearned Revenue and Deferred Outflows and Inflows of Resources (Continued)***

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

In addition to liabilities, the statement of net position will sometimes report a separation section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflows of resources (revenue) until that time. The District has two items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense.

***F. Property Taxes***

***I. Calendar***

Real property taxes are levied annually by the Board of Education no later than July 1. Taxes are collected during the period July 1 through January 31 annually.

***II. Enforcement***

Uncollected real property taxes are enforced by the City of Troy and the County of Rensselaer. An amount representing all uncollected real property taxes must be transmitted by the City and County to the School District within two years from the return of unpaid taxes to such city and county. Real property taxes receivable expected to be collected within sixty days subsequent to June 30, 2015, less similar amounts collected during this period in the preceding year, are recognized as revenue; otherwise, real property taxes receivable are offset by deferred inflows of resources.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***G. Budgetary Procedures and Budgetary Accounting***

***I. Budget Policies***

1. The budget policies are as follows:
  - a. The District administration prepares a proposed budget for approval by the Board of Education for the general fund.
  - b. The voters within the District approve the proposed appropriation budget for the general fund.
  - c. Appropriations are adopted at the program level.
  - d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

Various Gifts	<u>\$ 27,688</u>
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***II. Encumbrances***

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing over expenditure of established appropriations. Open encumbrances are reported as reservations of fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

***III. Budget Basis of Accounting***

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

***H. Cash and Investments***

The District's investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*H. Cash and Investments (Continued)*

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

*I. Accounts Receivable*

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

*J. Inventories*

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

*K. Interfund Transfers*

The operations of the District give rise to certain transactions between funds, including transfers of expenditures and transfers of revenues to provide services and construct assets.

*L. Equity Classifications*

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

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

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

Unassigned net position - reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund statements: In the fund basis statements there are five classifications of fund balance:

**Nonspendable** fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school food service fund at June 30, 2015.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*L. Equity Classifications (Continued)*

**Committed** fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District Board and contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements such as the award of a bid by the District Board. The District had no committed fund balances at June 30, 2015.

**Assigned** fund balance includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by the District or designated by the District Board for ensuing year's budget.

All encumbrances in the general and school food service fund of \$2,208,538 and \$1,137,384, respectively at June 30, 2015 are classified as assigned fund balance.

Assigned for Tax Reduction - Portions of fund equity are segregated for future use and are, therefore, not available for appropriation or expenditure. Assignments of unassigned fund balances in governmental funds indicates the use of these resources in the ensuing year's budget or tentative plans for future use.

**Unassigned** fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

The unassigned portion reports remaining fund balance that has not been assigned or restricted. NYS Real Property Tax Law 1318 restricts the unreserved, unassigned fund balance of the General Fund to an amount not greater than 4% of the District's budget for the ensuing fiscal year.

**Restricted** fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The following is a description of the restrictions utilized by the District:

I. Workers' Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law and according to General Municipal Law §6-j.

The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*L. Equity Classifications (Continued)*

II. Reserve for Employee Benefit Accrued Liability

Authorized by General Municipal Law §6-p, this reserve is used to accumulate funds for the payment of any accrued employee benefit due to an employee upon termination of service. This reserve fund was established by a majority vote of the Board of Education and is funded by budgetary appropriations. This reserve is accounted for in the General Fund.

III. Reserve for Debt Service

Authorized by General Municipal Law §6-i, this reserve is used to account for remaining bond proceeds not utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated.

IV. Unemployment Insurance Reserve

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

V. Judgments and Claims Reserve

Authorized by General Municipal Law §6-n, this reserve was established to set aside District monies for uninsured claims.

**Deficits**

The Capital Project Fund has a deficit fund balance of \$4,551,691. This will be funded when the District obtains permanent financing for its current construction projects.

*M. Post-employment Benefits*

In addition to providing the retirement benefits described in Note 2. B., the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the School District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Currently, approximately 423 retirees and their spouses meet those eligibility requirements. The District pays 100% of the cost of premiums to an insurance company which provides health care insurance, and is reimbursed a portion of the cost from certain retiree groups. In the governmental funds, the District recognized the net cost of providing benefits for fiscal year 2014 by recording approximately \$54 million, its share of insurance premiums for currently enrolled retirees, as an expenditure.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***N. Due to/from Other Funds***

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from the same fund type.

***O. Capital Assets***

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2008. For assets acquired prior to July 1, 2008, actual or estimated historical costs based on an appraisal conducted by an independent third-party professional were used. Donated assets are reported at estimated fair market value at the time received.

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

	<b><u>Capitalization Threshold</u></b>	<b><u>Depreciation Method</u></b>	<b><u>Estimated Useful Lives</u></b>
Buildings	\$ 5,000	SL	20-40 years
Building improvements	\$ 5,000	SL	20-30 years
Land improvements	\$ 5,000	SL	20 years
Machinery and equipment	\$ 5,000	SL	5-20 years
Infrastructure	\$ 5,000	SL	20 years
Vehicles and trucks	\$ 5,000	SL	8 years

***P. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements***

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the district-wide statements, certain financial transactions are treated differently.

- a. Total fund balances of governmental funds differ from “net assets” of governmental activities reported in the Statement of Net Position. The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of governmental fund Balance Sheets.
- b. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities:

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

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***P. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (Continued)***

- b. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities (Continued):

Long-term Revenue Differences

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

Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas principal payments are recorded as a reduction of liabilities in the Statement of Net Position. Other long-term debt differences result from the recording of compensated absences and post-employment benefits.

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

Original cost of capital assets, net of accumulated depreciation \$ 120,459,196

Other assets include the net pension asset, net of pension liability and deferred outflows and inflows \$ 6,341,214

Long-term receivables which do not meet the available criteria for recording in the governmental funds are considered assets in the statement of net position. These amounts represent health insurance overpayments, rebates and recoveries held by the District’s membership in the Rensselaer-Columbia-Greene Group Health Insurance Trust which will be paid to the District in the year ended June 30, 2015. \$ 645,667

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*P. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (Continued)*

Long-term Debt Transaction Differences (Continued)

Because the governmental funds focus on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example receivables) are offset by deferred inflows in the governmental funds, and thus are not included in fund balance. They are, however, included in the net assets of the governmental activities.

Adjustment of deferred inflows	\$ 4,056,508
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Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Bonds and notes payable	\$ 68,640,000
Compensated absences payable	\$ 3,521,792
Post-employment benefits payable	\$ 53,968,338
Premium on serial bond payable	\$ 6,205,844

In the Statement of Activities, certain operating expenses (compensated absences and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (usually, the amounts actually paid). This year, post-employment benefits paid of \$3,585,320 were less than the amounts incurred of \$12,058,388. Also, compensated absences (vacations used) were more than the amounts incurred by \$65,228.

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of \$3,353,639 was less than capital expenditures of \$5,065,053 in the current year.

Repayment of bond principal of \$3,153,779 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities.

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The lower interest reported in the Statement of Activities is the result of a decrease in accrued interest on bonds and the bond anticipation notes of \$335,315.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Q. Workers' Compensation Self-Insurance Plan***

The District participates in a self-insurance plan for worker's compensation called The Rensselaer Columbia-Greene (RCG) Counties Worker's Compensation Consortium ("Consortium"). The Plan is a claims-servicing public entity risk pool which began operations in July, 1985. The Consortium was formed by participating school districts and Questar III. The purpose of the Consortium is to operate a plan to provide the employees of the participants with worker's compensation benefits and the participants with centralized administration and insurance covering job-connected disabilities and including the cost of medical treatment. The Consortium was accepted as a self-insurer by the State of New York Worker's Compensation Board effective July 1, 1985. The Consortium has a stop loss policy to protect participants from usually high claims.

The Consortium is governed by a Plan Agreement administered by a Board of Directors, consisting of one Director for each member. As of June 30, 2015 there were 19 participating members from Rensselaer, Columbia and Greene Counties in New York State. The amount owed to the Plan on behalf of the District at June 30, 2015 approximated \$125,000. Payments made to the Consortium for the year ended June 30, 2015 were \$427,452.

***R. Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, potential contingent liabilities, and useful lives of long-term assets.

***S. Compensated Absences***

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in, first out (LIFO) basis.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated leave is included in the compensated absences liability at year-end in the District-wide financials. The compensated absences liability is calculated based on the applicable contract rates in effect at year-end.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***T. New Accounting Standards***

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2015, the District implemented the following new standards issued by GASB:

GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27*, effective for the year ending June 30, 2015.

GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*, effective for the year ending June 30, 2015.

GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for the year ending June 30, 2015.

GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* -an amendment of GASB Statement No. 68, effective for the year ending June 30, 2015.

***U. Future Changes in Accounting Standards***

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

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

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

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

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***V. Changes in Accounting Principles***

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement date. The implementation of the Statements requires the District to report as an asset and/or liability its portion of the collective net pensions asset and liability in the New York State Teachers' and Employees' Retirement Systems. The implementation of the Statements also requires the District to report a deferred outflow and/or inflow for the effect on the net change in the District's proportionate share of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow are the District contributions to the pension systems subsequent to the measurement date. See note 3 B1 for the financial statement impact of implementation of the Statements.

***W. Subsequent Events***

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through October 13, 2015, the date the financial statements were available to be issued. No such events or transactions were noted.

**2. DETAIL NOTES ON ALL FUNDS**

***A. Assets***

***I. Cash***

**1. Deposits**

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2015 all deposits were fully insured and collateralized by the District's agent in the District's name.

**2. Restricted Cash**

*General*

Restricted cash of \$3,452,440 consists of amounts set aside by the District to fund the District's restricted reserves.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

**2. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**I. Cash (Continued)**

**2. Restricted Cash (Continued)**

*\$64.9 Million Capital Project*

Restricted cash of \$43,884 consists of unexpended BAN borrowings restricted to be spent on the capital project.

*Fiduciary*

Restricted cash of \$231,828 consists of \$61,705 for extraclassroom activity funds and \$170,123 is restricted for scholarships.

**II. *Interfund Receivables and Payables***

Interfund transactions and balances are as follows:

	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payable</u></b>	<b><u>Interfund Transfers In</u></b>	<b><u>Interfund Transfers Out</u></b>
General	\$ 6,838,119	\$ 782,078	\$ 48,590	\$ 539,774
Special Aid Fund	214,228	2,395,918	105,486	-
School Lunch	-	-	-	-
Debt Service	-	-	-	-
Capital Project Fund	<u>574,238</u>	<u>4,448,589</u>	<u>434,288</u>	<u>48,590</u>
Total Government Activities	<u>\$ 7,626,585</u>	<u>\$ 7,626,585</u>	<u>\$ 588,364</u>	<u>\$ 588,364</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

**III. *Other Receivables***

Other receivables in the government funds at June 30, 2015 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

<b><u>Fund</u></b>	<b><u>Description</u></b>	<b><u>Amount</u></b>
General Fund	Retirement Health Premiums	\$ 170,520
General Fund	E-Rate	72,375
General Fund	Other	<u>23,655</u>
		<u>\$ 266,550</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

**2. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**IV. Capital Assets**

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

	<b>Balance July 1</b>	<b>Additions</b>	<b>Retirements/ Reclassifications</b>	<b>Balance June 30</b>
Capital assets that are not depreciated:				
Land	\$ 345,316	\$ -	\$ -	\$ 345,316
Construction in Progress	56,195,703	4,550,818	519,116	61,265,637
Total nondepreciable historical cost	<u>56,541,019</u>	<u>4,550,818</u>	<u>519,116</u>	<u>61,610,953</u>
Capital assets that are depreciated:				
Buildings	101,472,897	-	-	101,472,897
Machinery and equipment	12,018,753	233,178	(238,059)	12,013,872
Land improvements	3,990,725	-	-	3,990,725
Vehicles	412,550	-	-	412,550
Total depreciable historical cost	<u>117,894,925</u>	<u>233,178</u>	<u>(238,059)</u>	<u>117,890,044</u>
Less accumulated depreciation:				
Buildings	44,186,089	2,995,484	-	47,181,573
Machinery and equipment	10,250,255	399,943	(232,702)	10,417,496
Land improvements	859,402	180,131	-	1,039,533
Vehicles	392,416	10,783	-	403,199
Total accumulated depreciation	<u>55,688,162</u>	<u>3,586,341</u>	<u>(232,702)</u>	<u>59,041,801</u>
Total capital assets, net	<u>\$ 118,747,782</u>	<u>\$ 1,197,665</u>	<u>\$ 513,759</u>	<u>\$ 120,459,196</u>

**B. Liabilities**

**I. Pension Plans**

General Information

The District participates in the New York State and Local Employees' Retirement System ("ERS"), and the New York State Teachers' Retirement System ("TRS"). These Systems are cost sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

Plan Descriptions

Teachers' Retirement System. The TRS is administered by the New York State Teachers' Retirement Board. The System provides benefits to plan members and beneficiaries as authorized by Article II of the New York State Education Law. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

3. **DETAIL NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

**I. Pension Plans (Continued)**

Employees' Retirement System. The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund, which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York (the "Comptroller") serves as sole trustee and administrative head of the System. System benefits are established under provisions of the New York State Retirement and Social Security Laws ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, Alfred E. Smith State Office Building, Albany, NY 12204.

TRS Contributions

Pursuant to Article II of the New York State Education Law, employers are required to contribute at an actuarially determined rate applicable to member salaries. The rate is adopted annually by the Retirement Board. The actuarially determined contribution rate applicable to 2013-14 member salaries was 16.25%. The System is noncontributory for Tier 1 and 2 members. Tier 3 and 4 employees who joined the System after July 27, 1976, contribute 3% of their salary for the first ten years of membership. Tier 5 members who joined on or after January 1, 2010 contribute 3.5% of their salary for their entire length of service. Tier 6 members, who joined on or after April 1, 2012, are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

ERS Contributions

The System is noncontributory except for employees who joined the System after July 27, 1976 who contribute 3% of their salary, for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% of their salary for their entire length of service.

**3. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

***B. Liabilities (Continued)***

***I. Pension Plans (Continued)***

*ERS and TRS Contributions*

For the New York State and Local Employees' Retirement System, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	<u>ERS</u>	<u>TRS</u>
2014-2015	\$ 1,150,543	\$ 5,086,335
2013-2014	\$ 1,332,650	\$ 3,623,958
2012-2013	\$ 1,167,148	\$ 3,448,644

The District's contributions made to the Systems were equal to 100 percent of the contributions required for each year. The approximate rates paid in the three years from 2013 - 2015 for ERS were 20.9%, 20.1% and 20.4% for the largest employee group, respectively, and the rates for TRS from 2013-2015 were 11.11%, 11.84% and 16.25%, respectively.

Chapter 260 of the laws of 2014 of the State of New York allows local employers to bond or amortize a portion (limitations established by fiscal year) of their retirement bill up to 10 years for fiscal years ending March 31, 2005 through 2008. Chapter 57 of the laws of 2010 of the State of New York allows local employers to amortize a portion (limitations established by fiscal year) of their retirement bill for 10 years for fiscal years ending March 31, 2011 and forward.

These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts. The District has not bonded or amortized any portion of their retirement obligations.

**Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the District reported a net pension asset of \$21,624,539 representing an asset of \$22,434,544 (TRS) offset by a liability of \$810,005 (ERS) for its proportionate share of the net pension asset or liability. The net pension asset (TRS) was measured as of June 30, 2014, and the net pension liability (ERS) was measured as of March 31, 2015. The total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of those dates. The District's proportion of the net pension asset/liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2015, the District's proportion was .201399% for TRS and .0239771% for ERS.

For the year ended June 30, 2015, the District recognized a net pension expense of \$(154,901) resulting from an expense of \$(883,439) for TRS partially offset by an expense of \$728,538 for ERS.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*

JUNE 30, 2015

**3. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

***B. Liabilities (Continued)***

***I. Pension Plans (Continued)***

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

At June 30, 2015, the District reported deferred outflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 25,929	\$ 25,929
Net difference between projected and actual earnings on pension plan investments	<u>                    </u>	<u>140,688</u>	<u>140,688</u>
	<u>\$ -</u>	<u>\$ 166,617</u>	<u>\$ 166,617</u>

At June 30, 2015, the District reported deferred inflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 328,065	\$ -	\$ 328,065
Net difference between projected and actual earnings on pension plan investments	15,067,235	-	15,067,235
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>36,545</u>	<u>18,097</u>	<u>54,642</u>
	<u>\$15,431,845</u>	<u>\$ 18,097</u>	<u>\$15,449,942</u>

The net amount of the employer's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30, 2015	\$ (3,772,075)
June 30, 2016	(3,772,075)
June 30, 2017	(3,772,075)
June 30, 2018	(3,772,075)
June 30, 2019	(42,396)
Thereafter	<u>(152,629)</u>
	<u>\$ (15,283,325)</u>

**Covered Payroll**

	<u>TRS</u>	<u>ERS</u>
Covered Payroll	<u>\$ 30,607,552</u>	<u>\$ 6,287,935</u>

**3. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

**I. Pension Plans (Continued)**

**TRS Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of June 30, 2013, with update procedures used to roll forward the total pension liability to June 30, 2014. The actuarial valuation 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 NYSTRS member experience.

	<u>Age</u>	<u>Female</u>	<u>Male</u>
	25	10.35%	10.91%
	35	6.25	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 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 returns (expected return, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

**ERS Actuarial Assumptions**

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2014 valuation were a follows:

Interest rate	7.5%
Salary increase	4.9%
Decrement tables	April 1, 2005 - March 31, 2010 System's Experience
Inflation rate	2.7%

**3. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

**I. Pension Plans (Continued)**

**ERS Actuarial Assumptions (Continued)**

Annuitant mortality rates are based on April 1, 2005 - March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study for the period August 1, 2005 - March 31, 2010.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2013 for TRS and March 31, 2015 for ERS.

**Long-Term**

<u>Asset Class</u>	<u>Expected Real Rate of Return</u>	
	<u>TRS</u>	<u>ERS</u>
Domestic equity	\$ 7.30%	\$ 7.30%
International equity	8.50%	8.55%
Private equity	11.0%	11.00%
Real estate	5.0%	8.25%
Absolute return strategies	-	6.75%
Opportunistic portfolio	-	8.60%
Real assets	-	8.65%
Bonds and mortgages	3.4%	4.00%
Cash	0.8%	2.25%
Inflation-indexed bonds	2.9%	4.00%

**Discount Rate**

The discount rate used to calculate the total pension liability was 8.0% for TRS and 7.5% ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

**3. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

**I. Pension Plans (Continued)**

**Sensitivity of the Proportionate Share of the Net Pension Assets/Liability to the Discount Rate Assumption**

The following presents the District's proportionate share of the net pension asset/liability calculated using the discount rate of 8.0 and 7.5 percent, as well as what the District's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
<b><u>TRS</u></b>			
Employer's proportionate Share of the net pension asset	\$ <u>(483,945)</u>	\$ <u>(22,434,544)</u>	\$ <u>(41,139,505)</u>
<b><u>ERS</u></b>			
Employer's proportionate share of the net pension liabilities (assets)	\$ <u>5,399,033</u>	\$ <u>810,005</u>	\$ <u>(3,064,273)</u>

**Pension Plan Fiduciary Net Position**

The components of the net pension asset (TRS) and liability (ERS) of the employer as of June 30, 2014 and March 31, 2015, respectively, were as follows (in thousands):

	<u>TRS</u>	<u>ERS</u>
Employers' total pension liability	\$ 97,015,707	\$ 164,591,504
Fiduciary net position	<u>108,155,083</u>	<u>161,213,259</u>
Employers' net pension asset (liability)	\$ <u>11,139,376</u>	\$ <u>(3,378,245)</u>
 Ratio of fiduciary net position to the employers' total pension liability	 <u>111.48%</u>	 <u>97.9%</u>

**2. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

**II. Post-employment Benefits**

The District provides postemployment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District’s contractual agreements. The District has implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This required the District to calculate and record a net other postemployment benefit obligation (“OPEB”) at year end. The net other postemployment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund level financial statements as payments are made. For the year ended June 30, 2015, the District recognized \$3,585,320 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of July 1, 2014 which indicates that the total liability for other postemployment benefits is \$53,968,338, which is reflected in the Statement of Net Assets.

Funding Policy: The contribution requirements of Plan members and the District are established by the Board of Education. Until changes are made in the New York State law to permit funding, there is no legal authority to fund OPEB, other than “pay as you go”.

Annual OPEB Cost and Net OPEB Obligation: The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC presents 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 (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation:

Annual required contribution	\$ 12,768,381
Interest on net OPEB obligation	1,819,811
Adjustment to annual required contribution	<u>(2,529,804)</u>
Annual OPEB cost	12,058,388
Contributions made	<u>(3,585,320)</u>
Increase in net OPEB obligations	8,473,068
Net OPEB obligation - beginning of year	<u>45,495,270</u>
 Net OPEB obligation - end of year	 <u><u>\$ 53,968,338</u></u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

II. Post-employment Benefits (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014 and 2013 is as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/15	\$ 12,058,388	29.7%	\$ 53,968,338
6/30/14	\$ 9,963,364	29.1%	\$ 45,495,270
6/30/13	\$ 9,866,165	29.0%	\$ 38,433,941

Funded Status and Funding Progress: As of July 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$131,967,188 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$131,967,188. The covered payroll (annual payroll of active employees covered by the plan was \$35,473,616 and the ratio of the UAAL to the covered payroll was 372%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actual methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4% investment rate of return and an annual healthcare cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 5% in 2022. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was 24 years.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

**2. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

**III. Indebtedness**

1. Short-Term Debt

Transactions in short-term debt related to bond anticipation notes for the year ended June 30, 2015:

<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
07/01/14	.82%	\$ -	\$ 720,000	\$ -	\$ 720,000
07/15/14	1.0%	15,000,000	-	(15,000,000)	-
07/15/14	1.25%	<u>32,564,622</u>	<u>-</u>	<u>(32,564,622)</u>	<u>-</u>
		<u>\$ 47,564,622</u>	<u>\$ 720,000</u>	<u>\$ 47,564,622</u>	<u>\$ 720,000</u>

Interest on short-term debt in the government-wide statement of activities for the year was composed of :

Interest paid	\$ 365,182
Less interest accrued in the prior year	(522,242)
Plus interest accrued in the current year	<u>5,674</u>
Total Expense (Recovery)	<u>\$ (151,386)</u>

2. Long-term Debt

a. Serial Bonds

The District borrows money in order to acquire or construct building and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. During the current year, the District recognized \$3,153,779 of expenditures for serial and statutory bond debt interest in the governmental funds statement of revenues, expenditures and changes in fund balances.

Interest on long-term debt in the government-wide statement of activities for the year was composed of:

Interest paid	\$ 3,822,572
Less interest accrued in the prior year	(428,821)
Plus interest accrued in the current year	<u>610,074</u>
Total Expense	<u>\$ 4,003,825</u>

b. Other Long-term Debt

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

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

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

**2. DETAIL NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities (Continued)**

**III. Indebtedness (Continued)**

b. Other Long-term Debt (Continued)

Other Postemployment Benefits - represents the District's obligation for postemployment benefits provided to retirees and current employees upon their retirement.

3. Changes

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

	<u>Serial Bonds</u>	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>	<u>Total</u>
Balance July 1	\$ 31,155,000	\$ 3,587,020	\$ 45,495,270	\$ 80,237,290
Additions	40,638,779	-	8,473,068	49,111,847
Deletions	<u>(3,153,779)</u>	<u>(65,228)</u>	<u>-</u>	<u>(3,219,007)</u>
Balance, June 30	<u>\$ 68,640,000</u>	<u>\$ 3,521,792</u>	<u>\$ 53,968,338</u>	<u>\$126,130,130</u>

Additions and deletions to compensated absences are shown net as it is impracticable to determine these amounts separately.

4. Maturity

The following is a summary of the District's indebtedness:

<u>Description of Issue</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest</u>	<u>Outstanding June 30, 2015</u>
District-wide Reconstruction Series 2008	Serial Bond	07/01/08	07/01/29	4.00%	\$ 2,280,000
District-wide Renovations, Bonds, 2010	Serial Bond	07/01/10	06/15/25	3.881%	4,820,000
School District Refunding Bonds, 2011	Serial Bond	05/25/11	07/15/21	2.00 - 3.125%	6,030,000
School Construction Bonds, 2012	Serial Bond	06/14/12	06/15/27	1.30 - 4.35%	4,170,000
Bond Authorization Series 2014	Serial Bond	07/12/14	06/15/29	2.00 - 5.00%	40,155,000
School District Refunding Bonds 2015	Serial Bond	03/31/15	07/01/28	2.00 - 5.00%	<u>11,185,000</u>
Total					<u>\$ 68,640,000</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

2. **DETAIL NOTES ON ALL FUNDS**

**B. Liabilities (Continued)**

**III. Indebtedness (Continued)**

4. Maturity (Continued)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,675,000	\$ 3,434,399	\$ 8,109,399
2017	4,770,000	3,389,252	8,159,252
2018	4,950,000	3,218,869	8,168,869
2019	5,120,000	2,502,105	7,622,105
2020	5,325,000	2,291,535	7,616,535
2021-2025	24,370,000	8,098,492	32,468,492
2026-2030	<u>19,430,000</u>	<u>2,138,877</u>	<u>21,568,877</u>
Total	<u>\$ 68,640,000</u>	<u>\$ 25,073,529</u>	<u>\$ 93,713,529</u>

**IV. Constitutional Debt Limit**

The constitution of the State of New York limits the amounts of indebtedness which may be issued by the School District. The School District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 5% on the average full valuation of taxable real estate within the District. At June 30, 2015, the District has exhausted 88.9% of its constitutional debt limit.

3. **CONTINGENCIES AND COMMITMENTS**

**A. Litigation**

The District is a party of various legal proceedings and other claims incidental to the ordinary course of its operations. The District is also regularly involved with certiorari actions brought by real property owners to have their assessments reduced. Liabilities, if any, are recorded when they become fixed or determinable in amount.

**B. Federal and State Grants**

The District receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, District management believes such disallowances, if any, would not be material.

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2015

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**3. CONTINGENCIES AND COMMITMENTS (CONTINUED)**

***C. Risk Financing and Related Insurance***

General Information

The Enlarged City School District of Troy, New York is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters.

***D. Collective Bargaining Units***

The Enlarged City School District of Troy, New York employees are represented by collective bargaining agents. Those agents which represent them and the dates of expiration of their agreements are as follows:

<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
Troy Administrators' Association	June 30, 2020
CSEA, LOCA 1000 AFSCME, AFL - C10	June 30, 2013
Troy Teachers' Association	June 30, 2012

***E. Restatement of Net Position***

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

Net position beginning of year, as previously stated	\$ 11,498,242
GASB Statement No. 68 implementation	
Beginning System asset - Teachers' Retirement System	6,119,250
Beginning System asset - Employees' Retirement System	<u>67,053</u>
Net position beginning of year, as restated	<u>\$ 17,684,545</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
 STATEMENT OF REVENUES, OTHER SOURCES, EXPENDITURES AND OTHER USES COMPARED TO BUDGET - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
Revenues:				
Local Sources:				
Real property taxes	\$ 35,231,941	\$ 31,544,996	\$ 30,535,929	\$ (1,009,067)
Other tax items	1,030,000	4,716,945	4,725,361	8,416
Nonproperty taxes	1,350,000	1,350,000	1,583,776	233,776
Charges for service	823,850	823,850	825,776	1,926
Use of money and property	104,500	104,500	41,773	(62,727)
Sale of property and compensation for loss	51,600	51,600	111,956	60,356
Miscellaneous	1,310,666	1,338,354	1,819,355	481,001
Interfund revenues and operating transfers	<u>117,000</u>	<u>117,000</u>	<u>215,145</u>	<u>98,145</u>
Total Local Sources	40,019,557	40,047,245	39,859,071	(188,174)
State sources	57,364,306	57,364,306	57,254,218	(110,088)
Medicaid Reimbursement	480,000	480,000	222,501	(257,499)
Interest Subsidy - Build American Bonds	<u>-</u>	<u>-</u>	<u>143,767</u>	<u>143,767</u>
Total Revenues	97,863,863	97,891,551	\$ 97,479,557	\$ (411,994)
Other Financing Sources:				
Appropriated fund balance	<u>8,925,000</u>	<u>8,925,000</u>		
Total Revenues and Other Financing Sources	<u>\$ 106,788,863</u>	<u>\$ 106,816,551</u>		

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*STATEMENT OF REVENUES, OTHER SOURCES, EXPENDITURES AND OTHER USES COMPARED TO BUDGET - GENERAL FUND (CONTINUED)*

*FOR THE YEAR ENDED JUNE 30, 2015*

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Year-end Encumbrances</u>	<u>Budget Variance</u>
Expenditures:					
General Support:					
Board of education	\$ 93,467	\$ 103,430	\$ 79,614	\$ 10,024	\$ (13,792)
Central administration	240,127	265,127	236,355	-	(28,772)
Finance	826,815	940,839	823,574	39,920	(77,345)
Staff	728,300	960,294	478,326	360,078	(121,890)
Central services	7,618,046	8,956,534	6,057,322	1,452,615	(1,446,597)
Special items	<u>1,339,169</u>	<u>1,340,969</u>	<u>1,105,053</u>	<u>234</u>	<u>(235,682)</u>
Total General Support	<u>10,845,924</u>	<u>12,567,193</u>	<u>8,780,244</u>	<u>1,862,871</u>	<u>(1,924,078)</u>
Instruction:					
Instruction, administration and improvement	3,636,421	3,538,571	3,352,074	2,317	(184,180)
Teaching - regular school	32,880,703	32,819,309	30,679,612	304,758	(1,834,939)
Programs for children with handicapping conditions	14,683,616	15,138,650	14,239,592	300	(898,758)
Occupational education	875,037	927,152	905,866	5,615	(15,671)
Teaching - special school	643,350	497,918	376,572	767	(120,579)
Instructional media	970,373	1,878,039	1,665,800	20,378	(191,861)
Pupil services	<u>3,757,454</u>	<u>3,987,413</u>	<u>3,658,156</u>	<u>11,532</u>	<u>(317,725)</u>
Total Instruction	<u>57,446,954</u>	<u>58,787,052</u>	<u>54,877,672</u>	<u>345,667</u>	<u>(3,563,713)</u>
Other:					
Pupil transportation	5,675,117	5,735,962	4,574,504	-	(1,161,458)
Community service	55,488	55,488	35,036	-	(20,452)
Employee benefits	23,943,507	21,873,932	20,298,242	-	(1,575,690)
Debt service	<u>8,603,873</u>	<u>8,603,873</u>	<u>7,341,533</u>	<u>-</u>	<u>(1,262,340)</u>
Total Other	<u>38,277,985</u>	<u>36,269,255</u>	<u>32,249,315</u>	<u>-</u>	<u>(4,019,940)</u>
Total Expenditures	106,570,863	107,623,500	95,907,231	2,208,538	(9,507,731)
Other Financing Uses:					
Transfers to other funds	<u>218,000</u>	<u>552,288</u>	<u>539,774</u>	<u>-</u>	<u>(12,514)</u>
Total Expenditures and Other Uses	<u>\$ 106,788,863</u>	<u>\$ 108,175,788</u>	<u>96,447,005</u>	<u>\$ 2,208,538</u>	<u>\$ (9,520,245)</u>
Net Changes in Fund Balances			<u>\$ 1,032,552</u>		

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
*SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS*  
 FOR THE YEAR ENDED JUNE 30, 2015

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a-b)	Covered Payroll (c)	UAAL as a percentage of covered payroll (b-a)c
July 1, 2014	\$ -	\$ 131,967,188	\$ 131,967,188	0%	\$ 35,473,616	372%
July 1, 2013	\$ -	\$ 116,338,094	\$ 116,338,094	0%	\$ 34,767,885	335%
July 1, 2012	\$ -	\$ 108,364,894	\$ 108,364,894	0%	\$ 33,737,828	321%
July 1, 2011	\$ -	\$ 104,058,921	\$ 104,058,921	0%	\$ 37,058,970	281%
July 1, 2010	\$ -	\$ 113,365,205	\$ 113,365,205	0%	\$ 34,351,578	330%

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
*SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION ASSETS/LIABILITIES*  
*FOR THE YEAR ENDED JUNE 30, 2015*

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**SCHEDULE #3**

<u>TRS</u>	<u>June 30, 2015</u>
Proportionate share of net pension assets	\$ 22,434,544
Covered payroll	\$ 30,607,552
Proportionate share of net pension asset as a percentage of covered payroll	73.3%
Plan fiduciary net position as a percentage of total pension assets	111.4%

<u>ERS</u>	<u>March 31, 2015</u>
Proportionate share of net pension liability	\$ 810,005
Covered payroll	\$ 6,287,935
Proportionate share of net pension liability as a percentage of covered payroll	12.9%
Plan fiduciary net position as a percentage of total pension liability	97.9%

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
*SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND  
 THE REAL PROPERTY TAX LIMIT  
 FOR THE YEAR ENDED JUNE 30, 2015*

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**Change from Adopted Budget to Revised Budget**

Adopted Budget	\$ 106,788,863
Add: Prior Year's Encumbrances	<u>1,359,237</u>
Original Budget	108,148,100
Budget Revision - Gifts and Donations	<u>27,688</u>
Final Budget	<u><u>\$ 108,175,788</u></u>

**Section 1318 of Real Property Tax Law Limit Calculation**

2015-16 expenditure budget	\$ 108,163,850
Maximum allowed 4% of 2014-15 budget	<u>\$ 4,326,554</u>

General Fund Fund Balance Subject to §1318 of Real Property Tax Law \*:

Unrestricted fund balance:	
Assigned fund balance	\$ 2,208,538
Unassigned fund balance	<u>12,877,365</u>
Total unrestricted fund balance	<u>15,085,903</u>
Less:	
Appropriated fund balance	8,925,000
Encumbrances included in assigned fund balance	<u>2,208,538</u>
Total adjustments	<u>11,133,538</u>
General Fund Fund Balance Subject to §1318 of Real Property Tax Law	<u><u>\$ 3,952,365</u></u>
Actual percentage	<u><u>\$ 3.65%</u></u>

\* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of General Fund fund balance subject to §1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

**OTHER SUPPLEMENTARY INFORMATION**

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*CAPITAL PROJECTS FUND - SCHEDULE OF PROJECT EXPENDITURES*

*FOR THE YEAR ENDED JUNE 30, 2015*

<u>Project Title</u>	<u>Project Number</u>	<u>Expenditures</u>					<u>Unexpended Balance</u>
		<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	
Spring 2013 - Various	(1)	\$ 56,362,233	\$ 56,362,333	\$ 56,330,264	\$ (13,252)	\$ 56,317,012	\$ 45,321
School 18 PA System	0010.012	100,000	100,000	30,784	64,413	95,197	4,803
Doyle Middle School Reconstruction (DMS)	0012.015	100,000	100,000	61,877	-	61,877	38,123
District Wide Technology	7999.004	<u>8,400,000</u>	<u>8,400,000</u>	<u>291,894</u>	<u>4,359,707</u>	<u>4,651,601</u>	<u>3,748,399</u>
Total		<u>\$ 64,962,233</u>	<u>\$ 64,962,333</u>	<u>\$ 56,714,819</u>	<u>\$ 4,410,868</u>	<u>\$ 61,125,687</u>	<u>\$ 3,836,646</u>

(1) Various capital project numbers including:

<u>Title</u>	<u>Number</u>
Doyle Middle School Reconstruction (DMS)	0012.014
Troy High School (THS)	0011.024
Athletic Storage Building (THS)	2004.002

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT*

*FOR THE YEAR ENDED JUNE 30, 2015*

---

**Capital Assets, Net** \$ 120,459,196

**Deduct:**

Short-term portion of bonds and bond anticipation notes payable	\$ 5,395,000	
Long-term portion of bonds payable	63,965,000	
Other current liabilities related to construction in progress	-	
Less: unspent bond anticipation note proceeds and other assets	<u>(43,894)</u>	<u>69,316,106</u>

**Investment in Capital Assets, Net of Related Debt** \$ 51,143,090

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK***COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS*

JUNE 30, 2015

	<b>Special Aid</b>	<b>School Food Service</b>	<b>Debt Service</b>	<b>Total Non-Major Funds</b>
<b>Current Assets:</b>				
Cash				
Unrestricted	\$ 280,515	\$ 1,138,784	\$ 412,358	\$ 1,831,657
Receivables				
Due from other funds	214,228	-	-	214,228
State and federal aid	2,169,420	164,504	-	2,333,924
Other	7,351	517	-	7,868
Inventories	-	48,677	-	48,677
Total Assets	<u>\$ 2,671,514</u>	<u>\$ 1,352,482</u>	<u>\$ 412,358</u>	<u>\$ 4,436,354</u>
<b>Current Liabilities:</b>				
Payables				
Accounts payable	\$ 132,435	\$ 165,612	\$ -	\$ 298,047
Due to other funds	2,395,918	-	-	2,395,918
Due to other governments	-	809	-	809
Unearned revenue	143,161	-	-	143,161
Total Liabilities	<u>2,671,514</u>	<u>166,421</u>	<u>-</u>	<u>2,837,935</u>
<b>Fund Balance:</b>				
Nonspendable:				
Inventories	-	48,677	-	48,677
Restricted for:				
Debt service	-	-	412,358	412,358
Assigned for:				
Food service	-	1,137,384	-	1,137,384
Total Fund Balance	<u>-</u>	<u>1,186,061</u>	<u>412,358</u>	<u>1,598,419</u>
Total Liabilities and Fund Balance	<u>\$ 2,671,514</u>	<u>\$ 1,352,482</u>	<u>\$ 412,358</u>	<u>\$ 4,436,354</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEARS ENDED JUNE 30, 2015

	<b>Special Aid</b>	<b>School Food Service</b>	<b>Debt Service</b>	<b>Total Non-Major Funds</b>
<b>Revenues:</b>				
Use of money and property	\$ -	\$ 1,203	\$ 3,761	\$ 4,964
State sources	1,927,356	61,442	-	1,988,798
Sales	-	80,469	-	80,469
Miscellaneous	-	22,795	-	22,795
Federal sources	6,173,334	2,083,661	-	8,256,995
Total Revenues	8,100,690	2,249,570	3,761	10,354,021
<b>Expenditures:</b>				
General support	166,523	-	-	166,523
Instruction	8,039,653	-	-	8,039,653
Cost of sales	-	2,324,370	-	2,324,370
Total Expenditures	8,206,176	2,324,370	-	10,530,546
Excess (Deficiency) of Revenues Over Expenditures	(105,486)	(74,800)	3,761	(176,525)
<b>Other Financing Sources:</b>				
Operating transfers in	105,486	-	-	105,486
Total Other Sources	105,486	-	-	105,486
Excess of Revenues and Other Sources Over Expenditures	-	(74,800)	3,761	(71,039)
Fund Balance, Beginning of Year	-	1,260,861	408,597	1,669,458
Fund Balance, End of Year	\$ -	\$ 1,186,061	\$ 412,358	\$ 1,598,419

**FEDERAL AWARD PROGRAM INFORMATION**

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MEMBERS OF:  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education  
Enlarged City School District  
of Troy, 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 of the Enlarged City School District of Troy, New York (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 13, 2015.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
October 13, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Education  
Enlarged City School District  
of Troy, New York

**Report on Compliance for Each Major Federal Program**

We have audited the Enlarged City School District of Troy, New York's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

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

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



CUSACK & COMPANY, CPA'S LLC

Latham, New York  
October 13, 2015

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity/Project Number</u>	<u>Federal Expenditures</u>
<u>Passed Through New York State Education Department:</u>			
<u>U.S. Department of Education</u>			
ESEA Title I	84.010	0021-14-2530	\$ 128,935
ESEA Title I	84.010	0021-15-2530	1,473,934
Title I School Improvement	84.010	0011-14-2128	12,466
Title I School Improvement	84.010	0011-15-2128	107,021
Title I School Improvement	84.010	0011-14-2328	28,811
Total CFDA #84.010			<u>1,751,167</u>
IDEA, Part B, Section 611	84.027	0032-15-0760	1,800
IDEA, Part B, Section 611	84.027	0032-15-0760	1,165,191
Total CFDA #84.027			<u>1,166,991</u>
Career and Technical Education	84.048	8039-14-0014	48,313
Career and Technical Education	84.048	8039-15-0014	184,516
Total CFDA #84.048			<u>232,829</u>
IDEA, Part B, Section 619	84.173	0033-14-0760	79,904
Twenty First Century Community Learning	84.287	0187-15-4094	633,998
Twenty First Century Community Learning	84.287	0187-14-6119	13,132
Total CFDA #84.287			<u>647,130</u>
Title II - Part A - Teaching and Principal Training	84.367	0149-14-2530	455
Title II - Part A - Teaching and Principal Training	84.367	0147-15-2530	463,042
Total CFDA #84.367			<u>463,497</u>
Title III - Part A, LEP	84.365	0293-14-2530	4,314
Title III - Part A, LEP	84.365	0293-15-2530	6,298
Total CFDA #84.365			<u>10,612</u>
Homeless Children - ARRA Funded	84.387	5212-14-3925	38,768
Title I - School Improvement 1003(G)(ARRA Funded)	84.388	5123-14-4109	240,080
Title I - School Improvement 1003(G)(ARRA Funded)	84.388	5123-15-4109	1,383,705
Total CFDA #84.388			<u>1,623,785</u>
Race-To-The-Top (RTTT ARRA Funded)	84.395	5540-14-0006	5,331
Race-To-The-Top (RTTT ARRA Funded)	84.395	5540-15-0006	93,812
Race-To-The-Top (RTTT ARRA Funded)	84.395	5500-14-2530	59,508
Total CFDA #84.395			<u>158,651</u>
Total Passed Through New York State Education Department			<u>6,173,334</u>
<u>U.S. Department of Agriculture</u>			
School Breakfast Program	10.553	-	601,138
School Lunch Program	10.555	-	1,367,953
School Snack Program	10.555	-	19,237
Food Surplus	10.555	-	95,333
Total U.S. Department of Agriculture			<u>2,083,661</u>
Total Federal Assistance			<u>\$ 8,256,995</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**  
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE YEAR ENDED JUNE 30, 2015*

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards was prepared on the accrual basis of accounting. Grant awards are recorded as revenue when the criteria for earning the revenue is met, generally when the expenditure of grant funds is made. Grant expenditures are recorded when the liability is incurred.

The amounts reported as federal expenditures on the schedule represent expenditures of federal funds as obtained from the appropriate federal financial reports for the applicable programs and periods. The non-federal share of expenditures, if any, is excluded from the schedule.

**2. SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133**

The Enlarged City School District of Troy, New York is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

**3. SCHOOLWIDE PROGRAMS**

The District expends the following federal awards in school wide programs:

<u>Programs</u>	<u>Amount</u>
CFDA #10.553/10.555 Child Nutrition Program	\$ 2,083,661
CFDA #84.027 Special Education - Grants to States (IDEA, Part B)	1,166,991
CFDA #84.173 Special Education - Preschool Grants (IDEA, Preschool)	79,904
CFDA #84.010 Title I Grants to Local Educational Agencies	<u>1,751,167</u>
Total	<u><u>\$ 5,081,723</u></u>

**4. FOOD DONATION**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2015, the School District received food commodities totaling \$95,333.

**5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

Federal awards revenue is reported in the District's financial statements as follows:

Federal Aid per Financial Statements	\$ 8,479,496
Less: Federal Medicaid Receipts	<u>(222,501)</u>
Total Federal Assistance	<u><u>\$ 8,256,995</u></u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

*FOR THE YEAR ENDED JUNE 30, 2015*

---

**SECTION I — SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- "Going Concern" explanatory paragraph included in audit report?        Yes   X   No
- Significant deficiency disclosed?        Yes   X   No
- Significant deficiency(ies) reported as a material weakness?        Yes   X   None reported
- Material noncompliance disclosed?        Yes   X   No

*Federal Awards*

Internal Control over major programs:

- Significant deficiency disclosed for any major programs?        Yes   X   No
- Significant deficiency(ies) reported for any major programs as a material weakness?        Yes   X   None reported
- Any known questioned costs reported?        Yes   X   No

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?        Yes   X   No

Identification of major programs:

CFDA Number(s)  
84.287  
84.388  
84.367

Name of Federal Program or Clusters  
Twenty First Century Community Learning  
Title I - School Improvement 1003(G)(ARRA Funded)  
Title II - Part A -Teacher and Principal Training

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

Auditee qualified as low-risk auditee?   X   Yes        No

**SECTION II — FINANCIAL STATEMENT FINDINGS**

See page 70.

**SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

N/A

**SECTION IV — RESOLUTION OF PRIOR YEAR AUDIT FINDINGS**

See the resolution of prior year findings enclosed on page 71.

**EXTRACLASSROOM ACTIVITY FUND**

**CUSACK & COMPANY**  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Enlarged City School District  
of Troy, New York

We have audited the accompanying financial statements of the Enlarged City School District of Troy, New York's Extraclassroom Activity Funds ("Troy's Extraclassroom Activity Funds"), which comprise the statement of assets and fund balance-cash basis as of June 30, 2015, and the related statement of cash receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, and fund balance of Troy's Extraclassroom Activity Fund as of June 30, 2015, and its cash receipts and disbursements for the year then ended in accordance with the cash basis of accounting as described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
October 13, 2015

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*EXTRACLASROOM ACTIVITY FUND  
STATEMENT OF ASSETS AND FUND BALANCE  
RESULTING FROM CASH TRANSACTIONS  
JUNE 30, 2015*

---

Cash	<u>\$ 61,705</u>
Fund Balance	<u>\$ 61,705</u>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK***EXTRACLASSROOM ACTIVITY FUND**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**FOR THE YEAR ENDED JUNE 30, 2015*

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<b>Extracurricular Accounts</b>	<b>Balance June 30, 2014</b>	<b>Receipts 2014-2015</b>	<b>Disbursements 2014-2015</b>	<b>Balance June 30, 2015</b>
Art Club	\$ 16	\$ 650	\$ 330	\$ 336
Drama	8,579	20,698	19,427	9,850
Music	1,614	11,860	13,233	241
Performing Arts	128	-	128	-
Key Club	42	95	100	37
S.A.D.D.	215	-	215	-
Environmental Action	1,727	785	766	1,746
French	885	9,244	10,093	36
Italian	517	7,433	6,583	1,367
Spanish	147	2,328	2,450	25
Challenger (THS paper)	102	-	-	102
Dardanian (THS Yearbook)	2,709	9,056	5,035	6,730
DMS Yearbook	124	4,453	4,492	85
Math Honor Society	506	494	589	411
THS Ski Club	399	5,553	5,875	77
DMS Ski Club	388	4,822	4,963	247
National Honor Society	3,945	3,580	1,740	5,785
Junior National Honor Society	1,074	6,548	6,285	1,337
DMS Student Council	814	-	645	169
THS Student Council	10,415	7,728	7,571	10,572
School #1 Student Association	69	-	69	-
Junior/Senior Class	24,539	33,026	35,564	22,001
NYS Sales Tax	674	1,120	1,368	426
Unallocated Bank Interest	<u>125</u>	<u>-</u>	<u>-</u>	<u>125</u>
<b>Total</b>	<b><u>\$ 59,753</u></b>	<b><u>\$ 129,473</u></b>	<b><u>\$ 127,521</u></b>	<b><u>\$ 61,705</u></b>

**ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK**

*EXTRAClassroom Activity Fund*

*NOTES TO FINANCIAL STATEMENTS*

*JUNE 30, 2015*

---

**1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Extraclassroom Activity Funds are used to account for those organizations within the Enlarged City School District of Troy, New York whose activities are conducted by students and whose financial support is raised other than by taxation, fees or through charges of the Enlarged City School District of Troy, New York.

*Reporting Entity*

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Enlarged City School District of Troy, New York. Consequently, such transactions are included in the Trust and Agency Fund of the general purpose financial statements.

*Basis of Accounting*

The books and records of the Enlarged City School District of Troy, New York's Extraclassroom Activity Funds are maintained on the cash basis of accounting in accordance with New York State guidelines. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

**MANAGEMENT LETTER**

**CUSACK & COMPANY**  
**Certified Public Accountants LLC**  
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CERTIFIED PUBLIC ACCOUNTANTS

Board of Education and Management  
Enlarged City School District  
of Troy, New York

We have audited the financial statements of the Enlarged City School District of Troy, New York for the year ended June 30, 2015 and have issued our report thereon dated October 13, 2015. As part of our audit, we made a study and evaluation of the District's system of internal control, to the extent we considered necessary, solely to determine the nature, timing and extent of our auditing procedures. Accordingly, we do not express an opinion on the system of internal control taken as a whole.

The management of the District is responsible for establishing and maintaining a system of internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of the inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. During our audit, we did not become aware of any conditions that we believe to be material weaknesses, but we did note some items that we believe should be communicated to you. These items, and our suggested corrective action, are detailed in the attached schedules of findings and recommendations.

This report is intended solely for the information and use of the Board of Education, management, and others within the administration. This restriction is not intended to limit distribution of this report, which is a matter of public record.

**CURRENT YEAR RECOMMENDATIONS**

**1. Fixed Assets**

Based on our test work over the equipment expense account (.2 code extensions) we noted that there were several purchases which met the District's criteria for capitalization but were

not added to the fixed asset registry. Although the items are not considered material to the financial statements, we recommend that the internal control system over the capitalization of fixed assets be reviewed to ensure items meeting the threshold for capitalization are entered into the registry.

We recommend an individual outside the fixed asset control process review the .2 expenditures codes for each fund to verify items meeting the threshold are subsequently listed on the registry.

## RESOLUTION OF PRIOR YEAR RECOMMENDATIONS

### **1. Deferred State Aid Revenue**

The District was notified a number of years ago that there were relatively small state aid claims payable to the District, the timing of which was based on available state funds. Over the past few years some of these older claims were paid to the District.

Due to the lack of guaranteed timing of receipt of these claims, the District decided to eliminate the receivables from their records, however the deferred revenue account A691S is still maintained at \$119,820 at June 30, 2015.

We recommend that the District eliminate this deferral in the 2015-2016 year by increasing state aid revenues.

*Status:* The deferral will be eliminated in 2015-2016.

### **2. Sales Tax**

As part of our audit of the District's petty cash disbursements, on occasion those responsible for their petty cash occasionally paid sales tax for office or school supplies purchased.

We recommend that on an annual basis the District notify these custodians of petty cash to avoid the payment of sales tax when purchasing supplies.

*Status:* This was satisfactorily resolved in 2014-2015.

### **3. Extraclassroom Cash Receipts**

As part of our sample testing of the extraclassroom receipts for 2013-2014, it was generally observed that while the cash receipt form was completed properly, with proper signatures, supporting documentation was lacking in many cases.

We recommend that additional details be included with the cash receipt form such as copies of the checks received, a listing of the checks or alternate support for the deposit.

*Status:* This was satisfactorily resolved in 2014-2015.

We would like to express our appreciation for the cooperation and efforts of the District's financial personnel who were instrumental in the timely completion of this year's audit. We look forward to being of continued service to your District.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
October 13, 2015