

**PLAINVIEW-OLD BETHPAGE  
CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AND  
BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended  
June 30, 2016**

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Plainview-Old Bethpage Central School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the Plainview-Old Bethpage Central School District as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary fund of the Plainview-Old Bethpage Central School District as of June 30, 2016, and the respective changes in financial position for the fiscal 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, schedule of funding progress, schedule of District's contributions and the schedule of District's proportionate share of the net pension (asset) liability, on pages 1 through 11 and 44 through 47, respectively, 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 Plainview-Old Bethpage Central School District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2016, on our consideration of the Plainview-Old Bethpage Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Plainview-Old Bethpage Central School District's internal control over financial reporting and compliance.

*R. S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, NY  
September 28, 2016

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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The Plainview-Old Bethpage Central School District's (the District) discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2016 and 2015. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are disclosed in comparison with the prior year with an emphasis placed on the current year. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2016, are as follows:

- The District's total net position, as reflected in the District-Wide Financial Statements, increased by \$8,906,021.
- The District's expenses for the fiscal year, as reflected in the District-Wide Financial Statements, totaled \$136,326,483. Of this amount, \$3,621,045 was offset by program revenues. General revenues of \$141,611,459 amount to 97.5% of total revenues. These revenues covered the balance of program expenses.
- The general fund's total fund balance, as reflected in the Fund Financial Statements on pages 14 and 16, decreased by \$3,841,176 to \$33,057,796. This was due to expenditures and other financing uses exceeding revenues on the modified accrual basis of accounting.
- The District received operating grants and contributions of \$2,228,232 to support instructional and food service programs.
- Property taxes and other tax items decreased by \$25,420 to \$122,774,961 in 2016 from \$122,800,381 in 2015.
- State and federal revenue increased by \$910,537 to \$16,988,428 in 2016 from \$16,077,891 in 2015.
- On October 19, 2010 Plainview Properties entered into a Contract of Sale with Beechwood POB for the acquisition of approximately 143 acres of land located on the south side of Old Country Road. The District and Beechwood POB have agreed that after the final build-out and occupancy of the Plainview POB development, there will be additional students projected to enter the District. The District is waiting for final approval of the necessary zoning from the Town of Oyster Bay to allow for the building of 536 units of age-restricted units or for any of all of 264 units of non-age restricted units. Once the final approval has been received from the Town of Oyster Bay, Beechwood POB will issue a *Plainview Notice to Proceed* and will pay the District \$6,000,000 to be paid in three equal installments. The first installment is to be paid on the 60<sup>th</sup> day following the issuance of the building permit for any of the 536 units or 264 units. The two remaining installments of \$2,000,000 each are to be paid on both the first year and second year anniversaries of the due date of the first installment.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other 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 operations in *more detail* than the District-Wide Statements.
- The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
- *Fiduciary Funds Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of District.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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The financial statements also include notes that provide additional information about the financial statements and the balances reported. 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-1: Organization of the District's Annual Financial Report

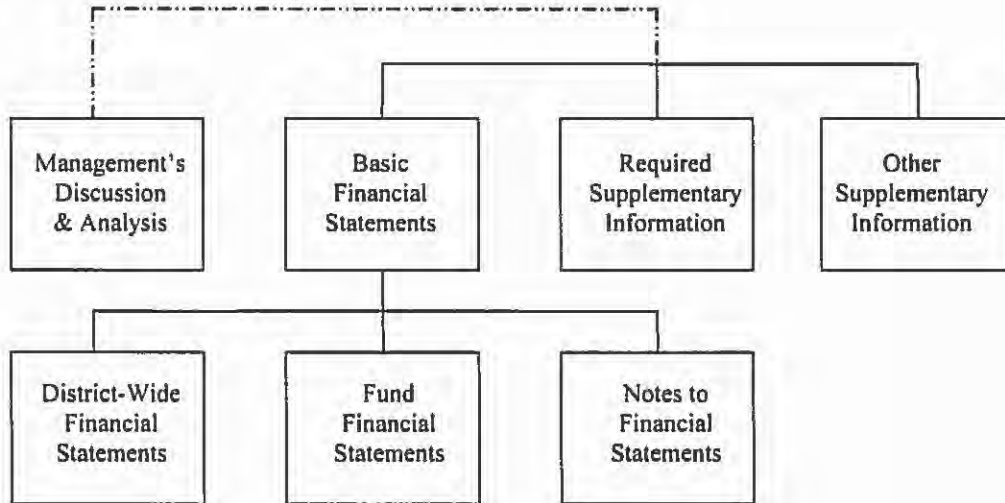


Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Table A-2: Major Features of the District-Wide Financial Statements and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
	District	Governmental	Fiduciary
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
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>
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during the 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

**A. District-Wide Financial Statements:**

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-Wide Financial Statements report the District's net position and how they have changed. Net position, the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the financial health or position of the District.

- Over time, increases and decreases in net position is an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.



**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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Net Position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

District-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
  - *Net investment in capital assets*;
  - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation;
  - *Unrestricted net position* is net position that does not meet any of the above restrictions.

**B. Fund Financial Statements**

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

i) Governmental funds

Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in separate reconciliation schedules explains the relationship (or differences) between them. In summary, the governmental funds statement focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, school lunch fund, special aid fund, capital projects fund, and debt service fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

ii) Fiduciary funds

The District is the trustee or *fiduciary* for assets that belong to others, such as scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This report should be used to support the District's own programs and is developed using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain post-employment healthcare plans.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A. Net Position:**

The District's net position increased by \$8,906,021 in the fiscal year ended June 30, 2016 as detailed in Table A-3.

Table A-3 – Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2016	Fiscal Year 2015	Increase (Decrease)	Total Percentage Change
Current assets and other assets	\$56,659,809	\$58,767,594	(\$2,107,785)	-3.59%
Capital assets, net	52,164,560	46,951,483	5,213,077	11.10%
Net pension asset - proportionate share	41,511,558	45,146,638	(3,635,080)	-8.05%
Total assets	<u>150,335,927</u>	<u>150,865,715</u>	<u>(529,788)</u>	<u>-0.35%</u>
Deferred outflows of resources	15,955,963	12,013,174	3,942,789	32.82%
Total assets and deferred outflows of resources	<u>\$166,291,890</u>	<u>\$162,878,889</u>	<u>\$3,413,001</u>	<u>2.10%</u>
Other liabilities	\$14,735,097	\$14,613,640	\$121,457	0.83%
Long-term liabilities	83,882,049	73,723,184	10,158,865	13.78%
Total liabilities	<u>98,617,146</u>	<u>88,336,824</u>	<u>10,280,322</u>	<u>11.64%</u>
Deferred inflows of resources	15,207,719	30,981,061	(15,773,342)	-50.91%
Total liabilities and deferred inflows of resources	<u>113,824,865</u>	<u>119,317,885</u>	<u>(5,493,020)</u>	<u>-4.60%</u>
Net position				
Net investment in capital assets	40,910,547	32,974,965	7,935,582	24.07%
Restricted	32,548,291	33,068,155	(519,864)	-1.57%
Unrestricted (deficit)	(20,991,813)	(22,482,116)	1,490,303	6.63%
Total net position	<u>52,467,025</u>	<u>43,561,004</u>	<u>8,906,021</u>	<u>20.44%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$166,291,890</u>	<u>\$162,878,889</u>	<u>\$3,413,001</u>	<u>2.10%</u>

Current and other assets decreased by \$2,107,785, as compared to the prior year. The decrease is primarily due to a decrease in the District's cash balances offset by an increase in real property tax receivables.

Capital assets (net of depreciation) increased by \$5,213,077, as compared to the prior year. This increase is primarily due to amounts expended for additions exceeding depreciation. Note 8 to the Financial Statements provides additional information.

Net pension asset –proportionate share provided by the Teachers Retirement System decreased by \$3,635,080, as compared to the prior year.

Deferred outflows of resources provided by the Retirement Systems and the District's contributions subsequent to the measurement date increased by \$3,942,789, as compared to the prior year.

Other liabilities increased by \$121,457 as compared to the prior year. This increase is primarily a result of increases in the District's accounts payable balance and accrued liabilities offset by a decrease in its liability to the Teachers Retirement System.

Long-term liabilities increased by \$10,158,865, as compared to the prior year. This increase is primarily the result of the District increasing the liability for other postemployment benefits, workers' compensation and the net pension liability – proportionate share offset by decreases in compensated absences liability and repayment of bond principal and energy performance contract principal.

Deferred inflows of resources decreased \$15,773,342 due to amounts provided by the Retirement Systems.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction (net of any unexpended proceeds) from the total cost of all asset acquisitions, net of accumulated depreciation. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support District operations. This number increased from the prior year by \$7,935,582 primarily due to an increase in capital asset (net of depreciation) and reduction in related debt.

The District's restricted net position at June 30, 2016, is comprised of amounts with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Note 1 to the Financial Statements provides further descriptions and detailed balances.

The unrestricted deficit portion of the District's net position at June 30, 2016, is a deficit of \$20,991,813 which represents the amount by which the District's liabilities, excluding debt related to capital construction assets and deferred inflows of resources related to pensions, exceeded its assets, other than capital assets and deferred outflows of resources.

**B. Changes in Net Position:**

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is presented separately. However, in this MD&A, STAR revenue has been combined with property taxes and other tax items such as PILOT payments. A summary of this statement for the fiscal years ended June 30, 2016 and 2015 is as follows:

	Fiscal Year 2016	Fiscal Year 2015	Increase (Decrease)	Total Percentage Change
<b>Revenues</b>				
<b>Program revenues</b>				
Charges for services	\$1,392,813	\$1,416,834	(\$24,021)	-1.70%
Operating grants	2,228,232	2,037,537	190,695	9.36%
<b>General revenues</b>				
Property taxes and other tax items	122,774,961	122,800,381	(25,420)	-0.02%
State sources	16,988,428	16,077,891	910,537	5.66%
Use of money and property	1,144,638	1,079,986	64,652	5.99%
Other	703,432	602,472	100,960	16.76%
<b>Total revenues</b>	<u>145,232,504</u>	<u>144,015,101</u>	<u>1,217,403</u>	<u>0.85%</u>
<b>Expenses</b>				
General support	16,835,552	16,368,531	467,021	2.85%
Instruction	109,170,547	105,646,290	3,524,257	3.34%
Pupil transportation	8,440,549	7,919,821	520,728	6.57%
Community services	234,543	638,403	(403,860)	-63.26%
Debt service - interest	522,538	591,377	(68,839)	-11.64%
Food service program	1,122,754	1,007,711	115,043	11.42%
<b>Total expenses</b>	<u>136,326,483</u>	<u>132,172,133</u>	<u>4,154,350</u>	<u>3.14%</u>
<b>Increase (decrease) in net position</b>	<u>\$8,906,021</u>	<u>\$11,842,968</u>	<u>(\$2,936,947)</u>	<u>-24.80%</u>

The District's revenues increased by \$1,217,403 in 2016 or .85%. The major factors that contributed to the net increase were an increase in state and federal sources.

The District's expenses for the year increased by \$4,154,350 or 3.14%. This was a result of increases to operating expenses in the general fund, postemployment benefit expenses and pupil transportation costs.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Table A-5: Revenues for Fiscal Years 2016 (See Table A-4)

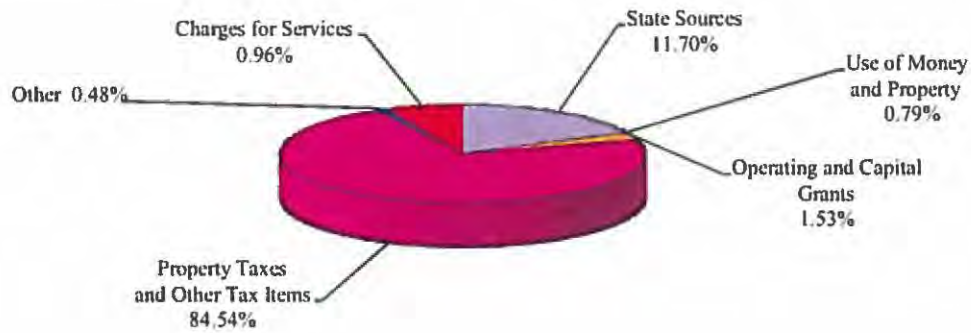
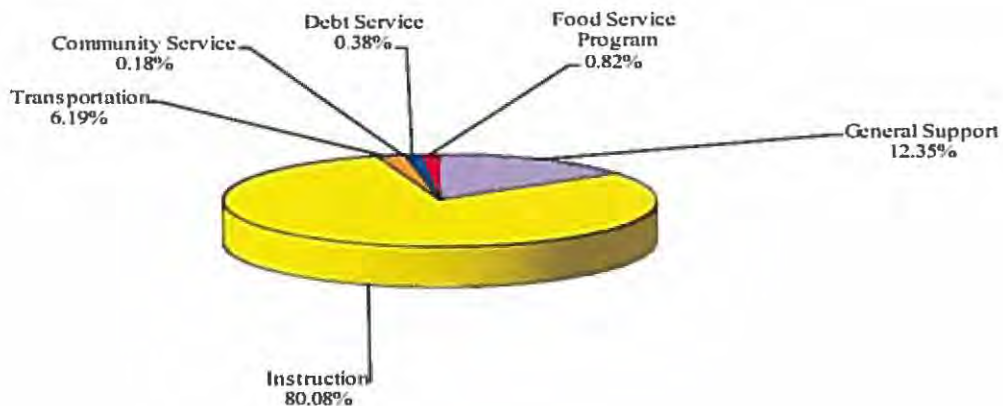


Table A-6: Expenses for Fiscal Year 2016 (See Tables A-4 and A-7)



**C. Governmental Activities**

The overall good financial condition of the District, as a whole, can be credited to:

- Continued leadership of the District's Board and administration;
- Approval of the District's proposed annual budget;
- Strong tax base;
- Strategic use of services from the Nassau Board of Cooperative Educational Services (BOCES);
- Community support.

Table A-7 presents the cost of six major District activities: general support, instruction, pupil transportation, debt service, community service and food service program. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Table A-7: Net Cost of Governmental Activities

Category	Total Cost of Services		Net Cost of Services	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2016	2015	2016	2015
General support	\$16,835,552	\$16,368,531	\$16,835,552	\$16,368,531
Instruction	109,170,547	105,646,290	106,685,609	103,229,504
Pupil transportation	8,440,549	7,919,821	8,440,549	7,919,821
Community service	234,543	638,403	234,543	638,403
Debt service - interest	522,538	591,377	522,538	591,377
Food service program	1,122,754	1,007,711	(13,353)	(29,874)
<b>Total</b>	<b>\$136,326,483</b>	<b>\$132,172,133</b>	<b>\$132,705,438</b>	<b>\$128,717,762</b>

- The cost of all governmental activities this year was \$136,326,483. (Statement of Activities, Expenses column-see Exhibit 3)
- The users of the District's programs financed \$1,392,813 of the cost. (Statement of Activities, Charges For Services column-see Exhibit 3)
- The federal and state governments subsidized certain programs with operating grants of \$2,228,232. (Statement of Activities, Operating Grants and Contributions column – see Exhibit 3)
- Most of the District's net costs of \$132,705,438 were financed by District taxpayers and state and federal aid. (Statements of Activities, Net (Expense) Revenue and Changes in Net Position column-see Exhibit 3).

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES**

Variations between years for the governmental Fund Financial Statements are not the same as variations between years for the District-Wide Financial Statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

As of June 30, 2016, the District's combined governmental funds reported a total fund balance of \$41,779,692 which is a decrease of \$2,331,033 from the prior year. This decrease is primarily due to a voter approved transfer to the capital projects fund.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

A summary of the changes in fund balance for all funds are as follows:

	Fiscal Year 2016	Fiscal Year 2015	Increase (Decrease)	Total Percentage Change
<b>General Fund</b>				
Restricted for unemployment insurance	\$1,719,116	\$1,191,301	\$527,815	44.31%
Restricted for employee benefit accrued liability	8,226,555	7,538,568	687,987	9.13%
Restricted for retirement contributions	12,435,148	12,099,150	335,998	2.78%
Restricted for capital	204,608	5,440,008	(5,235,400)	-96.24%
Restricted for repairs	996,849	924,538	72,311	7.82%
Assigned- appropriated for: subsequent year's expenditures	2,658,000	2,658,000	-	0.00%
Assigned - unappropriated for:				
General support	360,440	729,367	(368,927)	-50.58%
Instruction	355,055	461,893	(106,838)	-23.13%
Pupil transportation	800	9,120	(8,320)	-91.23%
Community service	-	789	(789)	-100.00%
Employee benefits	23,318	4,814	18,504	384.38%
Unassigned	6,077,907	5,841,424	236,483	4.05%
Total fund balance - general fund	<u>33,057,796</u>	<u>36,898,972</u>	<u>(3,841,176)</u>	-10.41%
<b>School Lunch Fund</b>				
Nonspendable	19,427	19,007	420	2.21%
Assigned - unappropriated	187,113	141,144	45,969	32.57%
Total fund balance - school lunch fund	<u>206,540</u>	<u>160,151</u>	<u>46,389</u>	28.97%
<b>Debt Service Fund</b>				
Restricted	2,996	30,692	(27,696)	-90.24%
Total fund balance - debt service fund	<u>2,996</u>	<u>30,692</u>	<u>(27,696)</u>	-90.24%
<b>Capital Projects Fund</b>				
Restricted	8,963,019	5,843,898	3,119,121	53.37%
Restricted for unspent bond proceeds	670,433	-	670,433	100.00%
Unassigned	(1,121,092)	1,177,012	(2,298,104)	-195.25%
Total fund balance - capital projects fund	<u>8,512,360</u>	<u>7,020,910</u>	<u>1,491,450</u>	21.24%
Total fund balance - all funds	<u>\$41,779,692</u>	<u>\$44,110,725</u>	<u>(\$2,331,033)</u>	-5.28%

The District can attribute changes to the fund balance in the general fund primarily due to operating results in which expenses and other financing uses of \$145,799,683 exceeded revenues of \$141,958,507, resulting in an overall decrease in the general fund fund balance of \$3,841,176.

The change in the restricted fund balance is the result of interest allocated during the year, a total of \$62,711. In addition, the following transfers were made, \$525,000 to the unemployment reserve, \$310,000 to the retirement contribution reserve, \$670,000 to the employee benefit accrued liability reserve, \$70,000 to the repair reserve and \$190,000 to the capital reserve. There were usages of \$5,439,000 from the capital reserves.

The net change in the fund balance of the school lunch fund of \$46,389 was the operating surplus of the school lunch fund for the current year.

The net change in the fund balance of the capital projects fund of an increase of \$1,491,450 can be attributed to other financing sources from transfers from the general fund of \$8,139,000 exceeding expenditures of \$6,647,550 on capital projects.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**4. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2015-2016 Budget:**

The District's general fund adopted budget for the fiscal year ended June 30, 2016, was \$146,035,602. This is an increase of \$1,396,564 over the prior year's adopted budget. The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was \$121,910,510 in estimated property taxes and state aid in the amount of \$16,349,956.

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

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

Opening, unassigned fund balance	\$ 5,841,424
Revenues over budget	689,926
Expenditures and encumbrances under budget	6,141,289
Interest transferred to reserves	(62,711)
Funding to reserves	(1,765,000)
Unused appropriated reserves	(2,109,021)
Assigned for June 30, 2017 budget	(2,658,000)
Closing, unassigned fund balance	<u>\$ 6,077,907</u>

Opening, Unassigned Fund Balance

The \$5,841,424 shown in the table is the portion of the District's June 30, 2015, fund balance that was retained as unassigned. This was 4.0% of the District's 2015-2016 approved operating budget.

Unused Appropriated Reserves

The unused appropriated reserves of \$2,109,021 represents the amount of reserves that were budgeted to reduce the tax levy for the 2015/2016 year. These reserves were not needed for the 2015/2016 year and therefore, will be retained for future use.

Revenues and Transfers from other Funds Over Budget

The 2015-2016 budget for revenues and transfers from other funds was \$141,268,581. The actual revenues and transfers from other funds received for the year were \$141,958,507. The actual revenue and transfers from other funds over estimated or budgeted revenue and transfers from other funds was \$689,926. This variance contributes directly to the change to the unassigned portion of the general fund fund balance from June 30, 2015 to June 30, 2016.

Expenditures and Encumbrances Under Budget

The 2015-2016 budget for expenditures was \$152,680,585. The actual expenditures and encumbrances were \$145,799,683. The final budget was under expended by \$6,141,289. This under expenditure contributes to the change to the unassigned portion of the general fund fund balance from June 30, 2015 to June 30, 2016.

Net Increase to Restricted Funds

As a result of the aforementioned favorable variances to budget for both revenues and expenditures the District was able to increase several restricted funds as illustrated on the Financial Analysis of the Districts Fund Balance's chart located on page 9.

Assigned for June 30, 2017 Budget

The District has appropriated \$2,658,000 of its available June 30, 2016, fund balance to partially fund its 2016-2017 approved operating budget. The appropriation is made up of general fund unassigned fund balance.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2016-2017 fiscal year with an unassigned fund balance of \$6,077,907. This is an increase of \$236,483 over the June 30, 2015 unassigned fund balance.

**5. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A. Capital Assets:**

At June 30, 2016, the District had invested in a broad range of capital assets, including land, construction in progress, buildings, and vehicles, furniture, and equipment. The net increase in capital assets is due to capital additions less depreciation recorded for the year ended June 30, 2016. A summary of the District's capital assets, net of depreciation at June 30, 2016 and 2015, is as follows:

Category	Fiscal Year 2016	Fiscal Year 2015	Increase (Decrease)	Percentage Change
Land and land improvements	\$1,864,870	\$1,864,870	\$0	0.00%
Construction in progress	8,759,392	2,111,842	6,647,550	314.77%
Buildings & building improvements	37,370,495	38,893,125	(1,522,630)	-3.91%
Vehicles	2,284,005	2,448,513	(164,508)	-6.72%
Furniture and equipment	1,885,798	1,633,133	252,665	15.47%
Capital assets, net	<u>\$52,164,560</u>	<u>\$46,951,483</u>	<u>\$5,213,077</u>	11.10%

**B. Debt Administration:**

At June 30, 2016, the District had total bonds payable of \$11,165,000. A summary of the outstanding bonds at June 30, 2016 and 2015, is as follows:

Issue Date	Interest Rate	Fiscal Year 2016	Fiscal Year 2015
2009	2.00%-5.00%	\$7,080,000	\$8,395,000
2009	2.25%-3.75%	600,000	675,000
2011	2.00%-4.00%	3,485,000	3,915,000
		<u>\$11,165,000</u>	<u>\$12,985,000</u>

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

The general fund budget for the 2016-2017 school year is \$149,236,325. This is an increase of \$3,200,723 or 2.19% above the 2015-2016 adopted budget. The increase was primarily due to the rise in cost associated with salaries and employee benefits. The District applied \$4,767,021 of its unassigned fund balance and reserves towards the 2016-2017 budget which is the same as the 2015-2016 budget. The District's general fund is partially dependent on the continuation of State and Federal Aid, particularly with the new tax cap that became effective for the 2011-2012 budget year.

**7. CONTACTING THE DISTRICT**

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

Plainview-Old Bethpage Central School District  
Mr. Richard Cunningham  
Assistant Superintendent for Business  
106 Washington Avenue  
Plainview, NY 11803  
(516) 937-6310



**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
June 30, 2016

<b>Assets</b>	
<b>Current assets</b>	
Cash	
Unrestricted	\$ 17,578,837
Restricted	32,203,036
Receivables	
Real property tax receivable	2,002,381
Due from state and federal governments	1,239,406
Due from other governments	2,909,042
Due from fiduciary funds	644,632
Accounts receivable	63,048
Inventory	19,427
<b>Non-current assets</b>	
Capital assets not being depreciated	10,624,262
Capital assets being depreciated, net of depreciation	41,540,298
Net pension asset - proportionate share	41,511,558
<b>Deferred Outflows of Resources</b>	
Deferred amounts from refunding of debt, net of amortization	
Pensions	<u>15,955,963</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 166,291,890</u>
<b>Liabilities</b>	
<b>Payables</b>	
Accounts payable	\$ 2,636,144
Accrued liabilities	3,003,671
Due to	
Other governments	386
Teachers' retirement system	8,364,304
Employees' retirement system	581,435
Fiduciary Fund	44,750
Accrued interest payable	43,210
<b>Unearned credits</b>	
Collections in advance	61,197
<b>Long-term liabilities</b>	
Due within one year	
Bonds payable	1,880,000
Energy performance contract	242,306
Compensated absences liability	200,000
Due in more than one year	
Bonds payable	9,285,000
Energy performance contract	517,140
Net obligation of other postemployment benefits	55,712,406
Workers compensation liability	699,247
Compensated absences liability	7,843,680
Net pension liability - proportionate share	<u>7,502,270</u>
<b>Total liabilities</b>	<u>98,617,146</u>
<b>Deferred Inflows of Resources</b>	
Pensions	<u>15,207,719</u>
<b>Total Deferred Inflows of Resources</b>	<u>15,207,719</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>113,824,865</u>
<b>Net Position</b>	
Net investment in capital assets	<u>40,910,547</u>
<b>Restricted</b>	
Unemployment insurance reserve	1,719,116
Retirement contribution reserve	12,435,148
Employee benefit accrued liability reserve	8,226,555
Capital reserve	9,167,627
Repair reserve	996,849
Debt service-principal and interest	2,996
<b>Total Restricted</b>	<u>32,548,291</u>
Unrestricted (deficit)	<u>(20,991,813)</u>
<b>Total net position</b>	<u>52,467,025</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 166,291,890</u>

See Accompanying Notes to Financial Statements.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
General support	\$ 16,835,552	\$	\$	\$ (16,835,552)
Instruction	109,170,547	529,871	1,955,067	(106,685,609)
Pupil transportation	8,440,549			(8,440,549)
Community service	234,543			(234,543)
Debt service - unallocated interest	522,538			(522,538)
Food service program	1,122,754	862,942	273,165	13,353
<b>Total Functions/Programs</b>	<b>\$ 136,326,483</b>	<b>\$ 1,392,813</b>	<b>\$ 2,228,232</b>	<b>(132,705,438)</b>
<b>General Revenues</b>				
Real property taxes				106,364,564
Other real property tax items				3,010,540
School tax relief reimbursement				13,399,857
Use of money and property				1,144,638
State and federal sources				16,988,428
Miscellaneous				703,432
<b>Total General Revenues</b>				<b>141,611,459</b>
<b>Change in net position</b>				<b>8,906,021</b>
<b>Net position, beginning of year</b>				<b>43,561,004</b>
<b>Net position, end of year</b>				<b>\$ 52,467,025</b>

See Accompanying Notes to Financial Statements.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2016**

	General	School Lunch	Special Aid	Debt Service	Capital Projects	Total
<b>Assets</b>						
Cash						
Unrestricted	\$ 16,003,002	\$ 1,403,908	\$ 171,927			\$ 17,578,837
Restricted	29,386,432			\$ 85,715	\$ 2,730,889	32,203,036
Receivables						
Tax receivables	2,002,381					2,002,381
Due from state and federal governments	617,735	38,924	582,747			1,239,406
Due from other governments	2,909,042					2,909,042
Due from other funds	2,512,881				5,804,156	8,317,037
Accounts receivable	54,255	8,793				63,048
Inventory		19,427				19,427
<b>Total assets</b>	<b>\$ 53,485,728</b>	<b>\$ 1,471,052</b>	<b>\$ 754,674</b>	<b>\$ 85,715</b>	<b>\$ 8,535,045</b>	<b>\$ 64,332,214</b>
<b>Liabilities, deferred inflows of resources and fund balances</b>						
Payables						
Accounts payable	\$ 2,486,911	\$ 69,439	\$ 57,109	\$	\$ 22,685	\$ 2,636,144
Accrued liabilities	3,002,396		1,275			3,003,671
Accrued Health Insurance Claims Lag						
Due to						
Other governments		386				386
Other funds	5,804,156	1,152,562	677,718	82,719		7,717,155
Teachers' retirement system	8,364,304					8,364,304
Employees' retirement system	581,435					581,435
Unearned credits						
Collections in advance	500	42,125	18,572			61,197
<b>Total liabilities</b>	<b>20,239,702</b>	<b>1,264,512</b>	<b>754,674</b>	<b>82,719</b>	<b>22,685</b>	<b>22,364,292</b>
Deferred inflows of resources						
Tuition due from other District	41,964					41,964
LIPA PILOT payments	54,214					54,214
State aid	92,052					92,052
<b>Total deferred inflows of resources</b>	<b>188,230</b>					<b>188,230</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>20,427,932</b>	<b>1,264,512</b>	<b>754,674</b>	<b>82,719</b>	<b>22,685</b>	<b>22,552,522</b>
<b>Fund Balance</b>						
Non-spendable		19,427				19,427
Restricted						
Unemployment insurance reserve	1,719,116					1,719,116
Retirement contribution reserve	12,435,148					12,435,148
Employee benefit accrued liability reserve	8,226,555					8,226,555
Capital reserve	204,608				8,963,019	9,167,627
Repair reserve	996,849					996,849
Unspent bond proceeds					670,433	670,433
Debt service-principal and interest				2,996		2,996
Assigned						
Appropriated fund balance	2,658,000					2,658,000
Unappropriated fund balance	739,613	187,113				926,726
Unassigned	6,077,907				(1,121,092)	4,956,815
<b>Total fund balance</b>	<b>33,057,796</b>	<b>206,540</b>		<b>2,996</b>	<b>8,512,360</b>	<b>41,779,692</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 53,485,728</b>	<b>\$ 1,471,052</b>	<b>\$ 754,674</b>	<b>\$ 85,715</b>	<b>\$ 8,535,045</b>	<b>\$ 64,332,214</b>

See Accompanying Notes to Financial Statements.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES  
TO THE DISTRICT-WIDE NET POSITION  
June 30, 2016**

Total governmental fund balances		\$ 41,779,692
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore are deferred in the governmental funds.		188,230
The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	109,522,261	
Accumulated depreciation	(57,357,701)	52,164,560
Certain disbursements previously expended in the governmental funds related to pensions are treated as long term assets and increase net position. The net pension asset - proportionate share at year end for TRS was:		41,511,558
Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to:		15,955,963
Payables that are associated with long-term liabilities are not payable in the current period and, therefore, are not reported as liabilities in the funds. Additional payables relating to long-term liabilities consisted of:		
Accrued interest on bonds and energy performance debt		(43,210)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:		
Bonds payable	(11,165,000)	
Energy performance debt	(759,446)	
Net obligation of other postemployment benefits	(55,712,406)	
Workers' compensation liability	(699,247)	
Compensated absences liability	(8,043,680)	
Net pension liability - proportionate share (ERS)	(7,502,270)	(83,882,049)
Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. Deferred inflows related to pensions that will be recognized as a reduction in pension expense in future periods amounted to		(15,207,719)
Total net position		\$ 52,467,025

See Accompanying Notes to Financial Statements.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	General	School Lunch	Special Aid	Debt Service	Capital Projects	Total Governmental Funds
<b>Revenues</b>						
Real property taxes	\$ 106,364,564	\$	\$	\$	\$	\$ 106,364,564
Other real property tax items	2,956,326					2,956,326
School tax relief reimbursement	13,399,857					13,399,857
Charges for services	487,907					487,907
Use of money and property	1,141,734	2,656		248		1,144,638
Sale of property and compensation for loss	26,261					26,261
Miscellaneous	518,430		83,741			602,171
Interfund revenues	75,000					75,000
State aid	16,963,645	15,120	671,242			17,650,007
Federal aid	24,783	258,045	1,283,825			1,566,653
School lunch sales		862,942				862,942
<b>Total revenues</b>	<u>141,958,507</u>	<u>1,138,763</u>	<u>2,038,808</u>	<u>248</u>		<u>145,136,326</u>
<b>Expenditures</b>						
General support	14,080,141					14,080,141
Instruction	81,668,942		2,120,049			83,788,991
Pupil transportation	7,944,296		142,090			8,086,386
Community service	185,855					185,855
Food service program		1,102,374				1,102,374
Employee benefits	30,995,839					30,995,839
Capital outlay					6,647,550	6,647,550
Debt service - principal	232,072			1,820,000		2,052,072
Debt service - interest	43,726			484,425		528,151
<b>Total expenditures</b>	<u>135,150,871</u>	<u>1,102,374</u>	<u>2,262,139</u>	<u>2,304,425</u>	<u>6,647,550</u>	<u>147,467,359</u>
<b>Excess (deficit) revenues over expenditures</b>	<u>6,807,636</u>	<u>36,389</u>	<u>(223,331)</u>	<u>(2,304,177)</u>	<u>(6,647,550)</u>	<u>(2,331,033)</u>
<b>Other financing sources and (uses)</b>						
Transfers from other funds		10,000	223,331	2,276,481	8,139,000	10,648,812
Transfers to other funds	(10,648,812)					(10,648,812)
<b>Total other financing sources and (uses)</b>	<u>(10,648,812)</u>	<u>10,000</u>	<u>223,331</u>	<u>2,276,481</u>	<u>8,139,000</u>	
<b>Excess (deficit) revenues over expenditures and other financing sources</b>	(3,841,176)	46,389		(27,696)	1,491,450	(2,331,033)
<b>Fund balances, beginning of year</b>	<u>36,898,972</u>	<u>160,151</u>		<u>30,692</u>	<u>7,020,910</u>	<u>44,110,725</u>
<b>Fund balances, end of year</b>	<u>\$ 33,057,796</u>	<u>\$ 206,540</u>	<u>\$</u>	<u>\$ 2,996</u>	<u>\$ 8,512,360</u>	<u>\$ 41,779,692</u>

See Accompanying Notes to Financial Statements.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Net change in fund balances		\$ (2,331,033)
Amounts reported for governmental activities in the Statements of Activities are different because:		
Long-term revenue and expense differences		
Deferred Inflows of Resources - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method.		96,178
Claims payable in the Statement of Activities differs from the amount reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Claims payable for the year ended June 30, 2016 changed by		359,688
In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the year ended June 30, 2016 changed by		174,267
Net other post-employment benefits obligation payable in the Statement of Activities differs from the amount reported in the government funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Net other post-employment benefit obligation payable for the year ended June 30, 2016 changed by		(6,894,032)
Increases/decreases in the proportionate share of net pension asset/liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Teachers' retirement system	10,797,797	
Employees' retirement system	<u>(567,606)</u>	10,230,191
Pension differences		
Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.		
Capital related differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.		
Depreciation expense	(2,041,287)	
Loss on disposal	(1,919)	
Capital outlays	<u>7,256,283</u>	5,213,077
Long-term debt differences		
Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2015 to June 30, 2016 changed by		5,613
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities		1,820,000
Repayment of energy performance principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities		<u>232,072</u>
Change in net position		<u>\$ 8,906,021</u>

See Accompanying Notes to Financial Statements.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF (FIDUCIARY FUNDS) FIDUCIARY NET POSITION**  
**June 30, 2016**

	Private Purpose Trusts	Agency
<b>Assets</b>		
Cash and cash equivalents - restricted	\$ 560,838	\$ 1,283,912
Receivables	1,028	
Due from other funds		44,750
Total Assets	\$ 561,866	\$ 1,328,662
<b>Liabilities</b>		
Accrued liabilities	\$ 35,117	\$
Due to other funds	94,385	550,247
Collections in advance	10,169	
Agency liabilities		524,568
Extraclassroom activity balances		253,847
Total Liabilities	139,671	\$ 1,328,662
<b>Net Position</b>		
Restricted for scholarships	\$ 97,063	
Assigned for child care	325,132	
Total Net Position	422,195	
<b>Total liabilities and net position</b>	\$ 561,866	

See Accompanying Notes to Financial Statements.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Private Purpose Trusts
<b>Additions</b>	
Investment income	\$ 332
Child care fees	703,001
Gifts and contributions	31,547
Total Additions	734,880
<b>Deductions</b>	
Scholarships	21,550
Child care	708,611
Total Deductions	730,161
Change in net position	4,719
Net position, beginning of year	417,476
Net position, end of year	\$ 422,195

See Accompanying Notes to Financial Statements.



**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Plainview-Old Bethpage Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as it applies to governmental units. Those standards are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

**A) Reporting entity:**

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity as Amended by GASB Statement 39, Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. 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 and other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

**i) Extraclassroom Activity Funds:**

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

**ii) Child Care Fund:**

The District has oversight over a self-sustaining child care program in a separate fund. Such fund has no budget and the activities are independent of the District.

**B) Joint venture:**

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

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

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

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**C) Basis of presentation:**

**i) District-Wide Financial Statements:**

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

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally depreciation, and employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**ii) Fund Financial Statements:**

The Fund Financial 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 as defined by GASB, each displayed in a separate column. All of the funds of the District are displayed as major funds.

The District reports the following governmental funds:

**Governmental Funds:**

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

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

**Special Aid Fund** – This fund accounts for the proceeds of specific revenue sources such as federal and state grants that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds or by outside parties.

**Debt Service Fund** – This fund accounts for the accumulation of resources and that are restricted to expenditure for principal and interest on long-term general obligation debt of governmental activities. Debt service funds should be used to report resources if legally mandated.

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

The District reports the following fiduciary funds:

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

**Private Purpose Trust Funds:** These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D) Measurement focus and basis of accounting:**

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly, receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The 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) Real property taxes:**

Real property taxes are levied annually by the Board of Education no later than August 15th, and become a lien on July 1st. Taxes are collected by the Town of Oyster Bay during the period 2015-2016.

Uncollected real property taxes are subsequently enforced by Nassau County. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1.

**F) 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, net pension asset/liability, potential contingent liabilities and useful lives of capital assets.

**G) Cash and cash equivalents:**

The District's cash and cash equivalents consist of cash on hand, bank deposits and investments with a maturity date of three months or less from the date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves, and debt agreements.

**H) Receivables:**

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

**I) Restricted resources:**

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

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**J) Interfund transactions:**

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

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

**K) Inventories:**

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

**L) Capital assets:**

Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years, estimated historical costs, based on appraisals conducted by independent third-party professionals are used to estimate cost basis. Donated assets are reported at estimated fair market value at the time received. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Building Improvements	\$ 10,000	Straight Line	20-50 Years
Land Improvements	\$ 10,000	Straight Line	20 Years
Vehicles, Furniture, and Equipment	\$ 1,000	Straight Line	5-20 Years
Technology Equipment	\$ 250	Straight Line	2-5 Years

**M) Deferred outflows of resources:**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 has one item that qualifies for reporting in this category. This is related to pensions reported in the District-Wide Statement of Net Position. This represents the difference between expected and actual experience (ERS), changes of assumptions (ERS), the net difference between projected and actual investment earnings on pension plan investments (ERS), changes in proportion and differences between the District's contributions and proportionate share of contributions (TRS and ERS systems) and the District's contributions to the pension systems (TRS and ERS systems) subsequent to the measurement date.

**N) Deferred inflows of resources:**

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

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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is reported as unavailable revenue. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the difference between expected and actual experience (TRS and ERS Systems), changes in proportion and differences between employer contributions and proportionate share of contributions (ERS System) and the projected and actual earnings on pension plan investments (TRS System).

In addition to liabilities the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods when the availability criterion is met, deferred inflows are reclassified as revenues. The District Wide Financial Statements, however, report these deferred inflows as revenues in accordance with the accrual basis of accounting and economic resources measurement focus.

**O) Collections in advance:**

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded.

Collections in advance consist of amounts received in advance for miscellaneous revenue in the general fund; for amounts received in advance for meals that have not yet been purchased in the school lunch fund and for amounts received in advance for grants in the special aid fund.

**P) Vested employee benefits:**

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

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

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the funds statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

**Q) Other benefits:**

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postretirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-wide statements, the cost of postemployment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 45.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**R) Short-term debt:**

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

**S) Accrued liabilities and long-term obligations:**

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

**T) Equity classifications:**

**i) District-wide financial statements:**

In the District-wide Financial 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 improvement of those assets (net of any unexpended proceeds).

Restricted net position – reports net position when constraints placed on the assets 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

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

**ii) Fund financial statements:**

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

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

**Non-Spendable 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 Lunch Fund of \$19,427.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Restricted Fund Balance:**

Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements.

The District has established the following restricted fund balances:

- **Unemployment Insurance Reserve** - According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess 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.
- **Retirement Contribution Reserve** - According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the general fund.
- **Employee Benefit Accrued Liability Reserve** - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund.
- **Capital Reserve** - The Capital Reserve Fund is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the people at any special or annual meeting. Such authorization is further required for payments from the capital reserve. The form of the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in Section 3651 of Education Law. This reserve is accounted for in the general fund.

Restricted for capital in the capital projects fund includes the fund balance for projects that are funded by the capital reserve.

- **Unspent Bond Proceeds** - Unspent bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.
- **Repair Reserve** - This reserve is used to accumulate funds through voter approval to finance future costs of major repairs to capital improvements or equipment. Expenditures from this reserve may be made only after a public hearing has been held. In an emergency, expenditures may be made from the reserve fund without a public hearing with approval of two-thirds of the Board of Education. The emergency expenditure must be repaid within the next two succeeding fiscal years. The reserve is accounted for in the general fund.
- **Debt Service** - Used to account for the accumulation of resources and that are restricted to pay debt service. The fund includes all unused debt proceeds and interest and earnings on temporary investment of debt proceeds. This reserve is accounted for in the debt service fund.
- **Scholarships** - Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted for in the private purpose trust fund.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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Unrestricted resources:

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

**Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority; i.e. the Board of Education. The District has no committed fund balances as of June 30, 2016.

**Assigned** - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. All encumbrances in the general fund, school lunch fund and special aid fund are classified as assigned fund balance. The amount appropriated for the subsequent year's budget of the general fund is also classified as assigned fund balance in the general fund.

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

Order of use of fund balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Committed and assigned fund balances are determine next, with any remaining fund balance reported as unassigned.

**U) Future Changes in Accounting Standards**

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

GASB has issued Statement No. 77, *Tax Abatement Disclosures*, effective for the year ending June 30, 2017. This statement defines tax abatements and provides for increased disclosures including authority, eligibility criteria, dollar amount of taxes abated, and other information.

GASB has issued Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the year ending June 30, 2017. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

These are the statements that the District feels may have an impact on these financial statements and are not an all inclusive list of GASB statements issued. 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.

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

Due to the differences in the measurement focus and basis of accounting used in the fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic resource management focus of the Statement of Activities, compared with the current financial resource management focus of the governmental funds.



**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**A) Total fund balances of governmental funds vs. net position of governmental activities:**

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. The difference primarily results from additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

**B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:**

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities fall into one of the four broad categories. The amounts shown below represent:

i) 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 accruals basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) 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 reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension differences:

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

**3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A) Fund balance limitations:**

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The District is over the 4% maximum allowable limitation for the year ended June 30, 2016.

**B) Budgets:**

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the District approved the proposed appropriation budget for the General Fund. Appropriations are adopted at the program line item level.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations were approved by the Board of Education during the year ended June 30, 2016, to include \$5,439,000 for voter approved expenditures from the capital reserves.

Budgets are adopted annually on a basis consistent with US GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward.

Budgets are established and used for individual capital project funds expenditures as approved by the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

**C) Encumbrances:**

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

**4. CUSTODIAL AND CONCENTRATIONS OF CREDIT RISK**

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities.

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

None of the District's aggregate bank balances not covered by depository insurance were exposed to custodial credit risk as described above.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. Restricted cash at June 30, 2016 includes \$32,203,036 within the governmental funds and \$1,844,750 within the fiduciary funds.

**5. PARTICIPATION IN BOCES**

During the year ended June 30, 2016, the District was billed \$6,288,954 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,755,629. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box CS9195, Garden City, New York 11530-9195.

**6. STATE AND FEDERAL AID RECEIVABLE**

State and federal aid receivable at June 30, 2016 consisted of the following:

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
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General fund	
New York State-general and excess cost aid	\$617,735
Total	<u>617,735</u>
Special aid fund	
Federal & State aid	38,924
Total	<u>38,924</u>
School lunch fund	
Federal & State aid	582,747
Total	<u>582,747</u>
Total - all funds	<u>\$1,239,406</u>

District management has deemed the amounts to be fully collectible.

**7. DUE FROM OTHER GOVERNMENTS**

Due from other governments in the general fund at June 30, 2016 consisted of the following:

BOCES aid	\$1,349,032
PILOT-nassau county	1,099,927
Tuition reimbursement due from other districts	460,083
Total	<u>\$2,909,042</u>

District management has deemed these amounts to be fully collectible.

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**8. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
<b>Capital assets that are not depreciated:</b>				
Land	\$1,864,870			\$1,864,870
Construction in progress	2,111,842	\$6,647,550	\$0	8,759,392
Total capital assets not being depreciated	<u>3,976,712</u>	<u>6,647,550</u>	<u>0</u>	<u>10,624,262</u>
<b>Capital assets that are depreciated:</b>				
Building & building improvements	89,204,697	35,360		89,240,057
Land improvements	3,897,848			3,897,848
Furniture, equipment and vehicles	5,247,276	573,373	(60,555)	5,760,094
Total capital assets being depreciated	<u>98,349,821</u>	<u>608,733</u>	<u>(60,555)</u>	<u>98,897,999</u>
<b>Less accumulated depreciation:</b>				
Building & building improvements	50,311,572	1,557,990		51,869,562
Land improvements	1,449,335	164,508		1,613,843
Furniture, equipment and vehicles	3,614,143	318,789	(58,636)	3,874,296
Total accumulated depreciation	<u>55,375,050</u>	<u>2,041,287</u>	<u>(58,636)</u>	<u>57,357,701</u>
Total capital assets being depreciated, net	<u>42,974,771</u>	<u>(1,432,554)</u>	<u>(1,919)</u>	<u>41,540,298</u>
Capital assets, net	<u>\$46,951,483</u>	<u>\$5,214,996</u>	<u>\$ (1,919)</u>	<u>\$52,164,560</u>

Depreciation expense and loss on disposal was allocated to governmental functions as follows:

General support	\$268,002
Instruction	1,596,766
Transportation	153,917
Community services	3,538
Food service	20,983
	<u>\$2,043,206</u>

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**9. INTERFUND TRANSACTIONS**

Interfund balances and activities at June 30, 2016, were as follows:

Fund	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 2,512,881	\$ 5,804,156	\$ 75,000	\$ 10,648,812
School Lunch		1,152,562	10,000	
Special Aid		677,718	223,331	
Debt Service		82,719	2,276,481	
Capital Projects Fund	5,804,156		8,139,000	
Private Purpose Trusts		94,385		75,000
Trust and Agency	\$ 44,750	\$ 550,247		
	<u>\$ 8,361,787</u>	<u>\$ 8,361,787</u>	<u>\$ 10,723,812</u>	<u>\$ 10,723,812</u>

The District transferred \$10,000 from the general fund to the school lunch fund to support ongoing annual operations. The District transferred \$223,331 from the general fund to the special aid fund to cover the District's portion of the summer school handicapped and 4201 school programs. The District transferred \$2,276,481 from the general fund to the debt service fund for required annual debt service expenditures. The District made a transfer of \$8,139,000 from the general fund to the capital projects fund for approved capital projects. The District transferred \$75,000 from the child care fund in the private purpose trust to the general fund for use of the District's facilities.

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.

**10. LONG-TERM LIABILITIES**

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Long-term debt:					
Serial bonds payable	\$12,985,000	\$0	\$1,820,000	\$11,165,000	\$1,880,000
Energy performance contract	991,518		232,072	759,446	242,306
Other long-term liabilities:					
Net other postemployment benefits obligation	48,818,374	9,665,466	2,771,434	55,712,406	
Claims payable	1,058,935	259,885	619,573	699,247	
Compensated absences	8,217,947		174,267	8,043,680	200,000
Net pension liability- proportionate share	1,651,410	8,200,710	2,349,850	7,502,270	
Total long-term liabilities	<u>\$73,723,184</u>	<u>\$18,126,061</u>	<u>\$7,967,196</u>	<u>\$83,882,049</u>	<u>\$2,322,306</u>

The general fund has typically been used to liquidate long-term liabilities.

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Bonds payable, which were issued for capital construction, are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
2009 Refunding Serial Bond	8/19/2009	12/15/2020	2.00-5.00%	\$7,080,000
Construction Serial Bond	7/15/2009	7/15/2023	2.25-3.75%	600,000
2011 Refunding Serial Bond	11/1/2011	11/1/2023	2.00-4.00%	3,485,000
				<u>\$11,165,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2017	\$1,880,000	\$417,206	\$2,297,206
2018	1,970,000	342,431	2,312,431
2019	2,040,000	255,785	2,295,785
2020	2,120,000	172,225	2,292,225
2021	1,840,000	86,322	1,926,322
2022-2024	1,315,000	43,847	1,358,847
	<u>\$11,165,000</u>	<u>\$1,317,816</u>	<u>\$12,482,816</u>

Long-term debt related to an energy performance contract, is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2016
Energy performance contract	7/31/2003	7/31/2018	4.41%	<u>\$759,446</u>

The following is a summary of debt service requirements for energy performance contract:

Fiscal Year Ended June 30,	Principal	Interest	Total
2017	\$242,306	\$33,491	\$275,797
2018	252,991	22,806	275,797
2019	264,149	11,648	275,797
	<u>\$759,446</u>	<u>\$67,945</u>	<u>\$827,391</u>

Interest on long-term debt (serial bonds and energy performance contract) for the year was composed of:

Interest paid	\$528,151
Less interest accrued in the prior year	(48,823)
Plus interest accrued in the current year	43,210
Total expense	<u>\$522,538</u>

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**11. PENSION PLANS**

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

**(a) Plan description**

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

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**(b) Contributions**

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 are required to contribute 3% of their annual salary for their entire working career. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2016, were paid. The required contributions for the current year and two preceding years were:

	<u>Amount</u>
2016	\$2,349,850
2015	\$2,813,347
2014	\$2,689,056

**(c) Pension assets, liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions**

At June 30, 2016, the District reported a liability of \$7,502,270 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension 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. This information was provided by the ERS System in reports provided to the District.

At March 31, 2016, the School District's proportion was .0467423 percent, which was a decrease of 0.002141 percent from its proportion measured at March 31, 2015.

For the year ended June 30, 2016, the District recognized pension expense of \$2,828,379. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 37,911	\$ 889,269
Changes of assumptions	2,000,629	-
Net difference between projected and actual earnings on pension plan investments	4,450,758	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	542,665	45,968
District's contributions subsequent to the measurement date	581,435	-
Total	<u>\$ 7,613,398</u>	<u>\$ 935,237</u>

Amounts reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan year ended:	
2017	\$ 1,568,526
2018	1,568,526
2019	1,568,526
2020	1,391,147
	<u>\$ 6,096,725</u>

**(d) Actuarial assumptions**

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

Measurement date	March 31, 2016
Actuarial valuation date	April 1, 2015
Interest rate	7.0%
Salary scale	3.80%
Decrement tables	April 1, 2010 - March 31, 2015
	System's Experience
Inflation rate	2.50%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

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

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:



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<u>Measurement date</u>	<u>ERS</u> March 31, 2016
<u>Asset type</u>	
Domestic equity	7.30%
International equity	8.55%
Private equity	11.00%
Real estate	8.25%
Absolute return strategies	6.75%
Opportunistic portfolio	8.60%
Real assets	8.65%
Bonds and mortgages	4.00%
Cash	2.25%
Inflation-indexed bonds	4.00%

**(e) Discount rate**

The discount rate used to calculate the total pension liability was 7.0% for 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.

**(f) Sensitivity of the proportionate share of the net pension liability to the discount rate assumption**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

ERS	1% Decrease (6%)	Current Assumption (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension (liability) asset	(\$16,917,073)	(\$7,502,270)	\$452,837

**(g) Pension plan fiduciary net position**

The components of the current-year net pension (liability) (expressed in thousands) of the employers as of the April 1, 2015 valuation date is as follows:

	<u>ERS</u> April 1, 2015
Valuation date	
Employers' total pension (liability)	\$ (172,303,544)
Plan fiduciary net position	156,253,265
Employers' total pension (liability)	<u>\$ (16,050,279)</u>
Ratio of plan fiduciary net position to the Employers' total pension (liability)	90.70%

**(h) Payables to the pension plan**

The employer contributions for the fiscal year ended June 30, 2016 are paid annually to the System based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2016 amounted to \$581,435.

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

**(a) Plan description**

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

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

**(b) Contributions**

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

	<u>Amount</u>
2016	\$8,083,275
2015	\$10,523,926
2014	\$9,728,462

**(c) Pension assets, liabilities, pension expense, and deferred outflows/inflows of related to pensions**

At June 30, 2016, the District reported an asset of \$41,511,558 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2014. The District's proportion of the net pension asset 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 0.399656 percent, which was a decrease of .005633 percent from its proportion measured as June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense (credit) of \$(2,714,193). At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,150,462
Net difference between projected and actual earnings on pension plan investments	-	13,122,020
Changes in proportion and differences between the District's contributions and proportionate share of contributions	259,290	-
District's contributions subsequent to the measurement date	8,083,275	-
Total	\$ 8,342,565	\$ 14,272,482

Amounts reported as deferred outflows/inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Plan year ended:	
2016	\$ (5,261,480)
2017	(5,261,480)
2018	(5,261,480)
2019	2,213,395
2020	(112,257)
Thereafter	(329,889)
	\$ (14,013,191)

**(d) Actuarial assumptions**

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

Measurement date	June 30, 2015
Actuarial valuation date	June 30, 2014
Interest rate	8.0%
Salary scale	4.01-10.91%
Decrement tables	July 1, 2005 - June 30, 2010
	System's Experience
Inflation rate	3.00%

Annuitant mortality rates are based on July 1, 2005 – June 30, 2010 System's experience, with adjustments for mortality improvements based on Society of Actuaries Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2014 are summarized in the following table:

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<u>Measurement date</u>	<u>TRS</u> June 30, 2015
<u>Asset type</u>	
Domestic equity	6.50%
International equity	7.70%
Real estate	4.60%
Alternative investments	9.90%
Domestic fixed income securities	2.10%
Global fixed income securities	1.90%
Mortgages	3.40%
Short-term	1.20%

**(e) Discount rate**

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

**(f) Sensitivity of the proportionate share of the net pension liability to the discount rate assumption**

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

TRS	1% Decrease (7%)	Current Assumption (8.0%)	1% Increase (9.0%)
District's proportionate share of the net pension liability (asset)	\$2,831,624	(\$41,511,558)	(\$79,326,981)

**(g) Pension plan fiduciary net position**

The components of the current-year net pension asset (expressed in thousands) of the employers as of the June 30, 2014 valuation date is as follows:

	<u>TRS</u> June 30, 2014
Valuation date	
Employers' total pension liability	\$ (99,332,104)
Plan fiduciary net position	109,718,917
Employers' total pension asset	<u>\$ 10,386,813</u>
Ratio of plan fiduciary net position to the Employers' total pension asset	110.46%

**(h) Payables to the pension plan**

The employer contributions for the fiscal year ended June 30, 2016 are paid annually to the System in September, October and November through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the fiscal year June 30, 2016 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2016 amounted to \$8,364,304.

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**12. OTHER POSTEMPLOYMENT BENEFITS**

**A) Tax Sheltered Annuities**

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2016, totaled \$421,881 and \$3,926,894 respectively.

**B) Deferred Compensation Plan**

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. Employees made contributions of \$614,521 into this Plan for the year ended June 30, 2016.

**13. OTHER POSTEMPLOYMENT BENEFITS**

**A) Plan descriptions:**

The District contributes to one single-employer defined benefit healthcare plan. The plan provides medical benefits to eligible retired District employees and their beneficiaries. Currently there are about 1,170 current and former employees participating in the District's OPEB plan. Benefit provisions are established and amended through negotiations between the District and the respective unions.

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

**B) Funding policy:**

For the District Retired Employee Health Plan (DREHP), contribution requirements of the plan members and the District are established by the Board of Education. The District's annual other post-employment benefit (OPEB) cost (expense) for each plan is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis.

**C) Annual required contribution:**

Normal Cost	\$ 4,377,598
Amortization of Unfunded Actuarial Liability	5,845,814
Interest on Amortization	204,468
Annual Required Contribution (ARC)	<u>\$ 10,427,880</u>

**D) Reconciliation of OPEB obligation:**

Annual required contribution	\$ 10,427,880
Interest on net OPEB obligation	1,952,735
Adjustment to Annual Required Contribution	<u>(2,715,149)</u>
Annual OPEB cost (expense)	9,665,466
Contributions made	<u>(2,771,434)</u>
Increase in net OPEB obligation	6,894,032
Net OPEB obligation-beginning of year	<u>48,818,374</u>
Net OPEB obligation-end of year	<u>\$ 55,712,406</u>

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**E) Trend information:**

Fiscal Year Ending	Annual Required Contribution	Annual Net OPEB Cost	OPEB Expense Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	\$10,427,880	\$9,665,466	\$2,771,434	28.7%	\$55,712,406
June 30, 2015	\$10,256,144	\$9,614,672	\$1,900,848	19.8%	\$48,818,374
June 30, 2014	\$10,091,013	\$9,568,874	\$1,922,219	20.1%	\$41,104,550

**F) Funded status and funding progress:**

Based on the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$96,450,080 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$96,450,080. The covered payroll (annual payroll of active employees covered by the plan) was \$64,777,267, and the ratio of the UAAL to the covered payroll was 149%.

The required supplemental schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**G) Actuarial methods and assumptions:**

The projected unit credit actuarial cost method was used to value the actuarial accrued liability and normal cost. Under this method, the Normal cost of the Plan is determined based on the current year's benefit accrual projected for inflation/trend. The Accrued Liability is determined based on the Present Value of Benefits as of the valuation date (incorporating future trend) and is calculated by multiplying the Present Value of Benefits by a fraction: service as of the valuation date, over total anticipated service at retirement.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. 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 to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2015
Actuarial cost method	Projected Unit Credit
Amortization period	Single Amortization Period
Amortization period	30 Years
Amortization method	Level Dollar (Open Basis)
Actuarial assumptions:	
Funding interest rate	4.0%
Healthcare inflation rate	8.0% Initial; 5.0% Ultimate
Fiscal year that the rate reaches the ultimate trend rate	June 30, 2021

**14. RISK MANAGEMENT**

**A) General:**

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**B) Consortiums and self-insured plans:**

The District participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its District property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

The District participates in the Nassau County Schools Cooperative Self Insured Plan for Workers' Compensation, a risk sharing pool, to insure Workers' Compensation claims. This is a public school entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District's share of the total liability discounted at 1.0% for incurred but unpaid claims and incurred but reported claims is \$1,799,752. The District also maintained reserves of \$1,100,505 with the public school entity risk pool resulting in a net long-term liability of claims activity is for the fiscal years ended June 30, 2016 and 2015 is summarized as follows:

	2016	2015
Unpaid claims at beginning of year	\$ 1,058,935	\$ 700,826
Incurred claims and changes in estimates	259,885	975,507
Claims payments	(619,573)	(617,398)
Unpaid claims at year end	\$ 699,247	\$ 1,058,935

**15. FUND BALANCE**

The following is a summary of the change in General fund restricted fund balance during the year ended June 30, 2016:

Restriction	Balance at 7/1/2015	Additions	Amounts Expended	Balance at 6/30/2016
Unemployment insurance reserve	\$1,191,301	\$527,815	\$ -	\$ 1,719,116
Retirement contribution reserve	12,099,150	335,998	-	12,435,148
Employee benefits accrued liability reserve	7,538,568	687,987	-	8,226,555
Capital reserve	5,440,008	203,600	5,439,000	204,608
Repair reserve	924,538	72,311		996,849
	\$27,193,565	\$1,827,711	\$5,439,000	\$23,582,276

**16. COMMITMENTS AND CONTINGENCIES**

**A) Grants:**

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial.

**B) Litigation:**

As of June 30, 2016, the District was involved in several lawsuits. The impact on the District is unknown at this time.

The District was involved in a lawsuit with Country Pointe opposing the rezoning and construction of a housing complex. The lawsuit was dismissed by judicial order and construction has commenced.

**C) Contracts:**

On October 19, 2010 Plainview Properties entered into a Contract of Sale with Beechwood POB for the acquisition of approximately 143 acres of land located on the south side of Old Country Road. The District and Beechwood POB have agreed that after the final build-out and occupancy of the Plainview POB development, there will be additional students projected to enter the District. The District is waiting for final approval of the necessary zoning from the Town of Oyster Bay

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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to allow for the building of 536 units of age-restricted units or for any of all of 264 units of non-age restricted units. Once the final approval has been received from the Town of Oyster Bay, Beechwood POB will issue a *Plainview Notice to Proceed* and will pay the District \$6,000,000 to be paid in three equal installments. The first installment is to be paid on the 60<sup>th</sup> day following the issuance of the building permit for any of the 536 units or 264 units. The two remaining installments of \$2,000,000 each are to be paid on both the first year and second year anniversaries of the due date of the first installment.

**D) Operating Leases:**

The District leases various copiers under non-cancelable lease agreements. Rental expenses under these lease agreements was \$261,254 for the year ended June 30, 2016. The District of future obligations under these operating lease agreements as follows

<u>Year Ended</u>	<u>Total</u>
2017	\$ 261,254
2018	229,572
2019	229,572
2020	<u>143,483</u>
Total	<u>\$ 863,881</u>

**E) Encumbrances:**

Encumbrances included in governmental fund balances have been classified as assigned fund balance. At June 30, 2016, the District did not have any individual significant encumbrances.



**SUPPLEMENTARY INFORMATION**

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Final Budget Variance With Actual
<b>Revenues</b>				
<b>Local sources</b>				
Real property taxes	\$ 121,910,510	\$ 108,510,653	\$ 106,364,564	\$ (2,146,089)
Other real property tax items	1,114,989	1,114,989	2,956,326	1,841,337
State tax relief reimbursement		13,399,857	13,399,857	
Charges for services	350,453	350,453	487,907	137,454
Use of money and property	1,067,673	1,067,673	1,141,734	74,061
Forfeitures			26,261	26,261
Miscellaneous	375,000	375,000	518,430	143,430
Interfund revenues	5,000	5,000	75,000	70,000
State aid	16,349,956	16,349,956	16,963,645	613,689
Federal aid	20,000	20,000	24,783	4,783
<b>Total revenues</b>	<u>141,193,581</u>	<u>141,193,581</u>	<u>141,958,507</u>	<u>764,926</u>
<b>Other financing sources</b>				
Transfers from other funds	75,000	75,000		(75,000)
Appropriated fund balance	5,973,004	11,412,004		(11,412,004)
<b>Total revenues and other financing sources</b>	<u>\$ 147,241,585</u>	<u>\$ 152,680,585</u>	<u>\$ 141,958,507</u>	<u>\$ (10,722,078)</u>
<b>Expenditures</b>				
<b>General support</b>				
Board of education	\$ 160,197	\$ 169,897	\$ 155,955	\$ 13,942
Central administration	444,023	435,423	432,520	2,889
Finance	1,334,711	1,352,781	1,278,719	71,708
Staff	1,173,074	1,238,393	1,128,475	20,102
Central services	11,546,519	10,764,128	9,733,003	762,869
Special items	1,396,598	1,402,898	1,351,469	51,429
<b>Total general support</b>	<u>16,055,122</u>	<u>15,363,520</u>	<u>14,080,141</u>	<u>922,939</u>
<b>Instruction</b>				
Instruction, administration, and improvement	6,230,699	6,598,045	6,490,718	8,922
Teaching - regular school	48,105,501	47,892,290	47,053,702	149,644
Programs for children with special needs	15,687,300	15,687,976	14,796,383	191,490
Occupational education	142,790	142,790	130,291	12,499
Teaching - special school	172,050	172,850	153,320	19,530
Instructional media	4,245,077	4,648,747	4,540,621	400
Pupil services	8,853,828	8,900,669	8,503,907	4,599
<b>Total instruction</b>	<u>83,437,245</u>	<u>84,043,367</u>	<u>81,668,942</u>	<u>2,019,370</u>
Pupil transportation	8,035,496	8,181,873	7,944,296	800
Community services	202,002	210,223	185,855	24,368
Employee benefits	33,555,942	33,367,867	30,995,839	23,318
Debt service - principal	232,071	232,072	232,072	
Debt service - interest	588,726	573,682	43,726	529,956
<b>Total expenditures</b>	<u>142,106,604</u>	<u>141,972,604</u>	<u>135,150,871</u>	<u>6,082,120</u>
<b>Other financing uses</b>				
Transfers to other funds	5,134,981	10,707,981	10,648,812	59,169
<b>Total expenditures and other financing uses</b>	<u>\$ 147,241,585</u>	<u>\$ 152,680,585</u>	<u>145,799,683</u>	<u>\$ 6,141,289</u>
<b>Net change in fund balances</b>			(3,841,176)	
<b>Fund balances - beginning of year</b>			36,898,972	
<b>Fund balances - end of year</b>			<u>\$ 33,057,796</u>	
<b>Notes to Required Supplementary Information</b>				
The District administration prepares a proposed budget for approval by the Board of Education for the general fund, the only fund with a legally adopted budget.				
The budget is adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.				

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR OTHER-POSTEMPLOYMENT BENEFITS (OPEB)  
JUNE 30, 2016**

Valuation Date	Actuarial Value of Assets	Actuarial Liability-Projected Unit Credit	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	[(b)-(a)]/(c)
July 1, 2009	\$	\$ 86,109,186	\$ 86,109,186	0%	\$ 66,306,331	129.9%
July 1, 2011	\$	\$ 77,797,359	\$ 77,797,359	0%	\$ 68,902,348	112.9%
July 1, 2013	\$	\$ 105,129,442	\$ 105,129,442	0%	\$ 66,754,852	157.5%
July 1, 2015	\$	\$ 96,450,080	\$ 96,450,080	0%	\$ 64,777,267	148.9%

See Paragraph on Supplementary Schedules Included in Auditor's Report.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS  
FOR THE FISCAL YEARS ENDED JUNE 30

ERS Pension Plan Last 10 Fiscal Years											
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 2,260,773	\$ 2,813,347	\$ 2,689,056	\$ 3,160,703	\$ 2,010,452	\$ 2,016,324	\$ 951,143	\$ 1,085,583	\$ 938,969	\$ 1,363,127	\$ 1,363,127
Contributions in relation to the contractually required contribution	<u>2,260,773</u>	<u>2,813,347</u>	<u>2,689,056</u>	<u>3,160,703</u>	<u>2,010,452</u>	<u>2,016,324</u>	<u>951,143</u>	<u>1,085,583</u>	<u>938,969</u>	<u>1,363,127</u>	<u>1,363,127</u>
Contribution deficiency (excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
School district's covered-ERS employee payroll	\$ 14,906,576	\$ 14,664,362	\$ 14,500,079	\$ 15,122,096	\$ 14,407,529	\$ 14,340,138	\$ 14,032,922	\$ 13,664,467	\$ 12,705,217	\$ 11,865,634	\$ 11,662,233
Contributions as a percentage of covered-employee payroll	15.17%	19.18%	18.55%	20.90%	13.95%	14.06%	6.78%	7.94%	7.39%	11.49%	11.69%
TRS Pension Plan Last 10 Fiscal Years											
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 8,083,275	\$ 10,523,926	\$ 9,728,462	\$ 7,306,396	\$ 6,673,752	\$ 5,175,671	\$ 3,587,877	\$ 4,265,299	\$ 4,617,799	\$ 4,351,765	\$ 3,931,087
Contributions in relation to the contractually required contribution	<u>8,083,275</u>	<u>10,523,926</u>	<u>9,728,462</u>	<u>7,306,396</u>	<u>6,673,752</u>	<u>5,175,671</u>	<u>3,587,877</u>	<u>4,265,299</u>	<u>4,617,799</u>	<u>4,351,765</u>	<u>3,931,087</u>
Contribution deficiency (excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
School district's covered-TRS employee payroll	\$ 61,950,567	\$ 59,863,060	\$ 59,867,458	\$ 61,709,426	\$ 60,069,775	\$ 60,042,587	\$ 57,962,471	\$ 55,901,690	\$ 52,895,750	\$ 50,601,918	\$ 49,323,554
Contributions as a percentage of covered-employee payroll	13.05%	17.58%	16.25%	11.84%	11.11%	8.62%	6.19%	7.63%	8.73%	8.60%	7.97%

See Paragraph on Supplementary Schedules Included in Auditor's Report.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)**  
**FOR THE FISCAL YEARS ENDED JUNE 30,**

**ERS Pension Plan**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.046742%	0.048884%	0.048884%
District's proportionate share of the net pension liability	\$ (7,502,270)	\$ (1,651,410)	\$ (2,208,984)
District's covered-employee payroll	\$ 14,763,453	\$ 14,249,916	\$ 14,828,901
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	50.8%	11.6%	14.9%
Plan fiduciary net position as a percentage of total pension liability	90.70%	97.95%	97.20%

**TRS Pension Plan**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the net pension asset	0.399656%	0.405289%	0.421287%
District's proportionate share of the net pension asset	\$ 41,511,558	\$ 45,146,638	\$ 2,773,138
District's covered-employee payroll	\$ 59,863,060	\$ 59,867,458	\$ 61,709,426
District's proportionate share of the net pension asset as a percentage of its covered-employee payroll	69.3%	75.4%	4.49%
Plan fiduciary net position as a percentage of total pension asset	110.46%	111.48%	100.70%

\* The amounts presented for each fiscal year were determined as of the measurement date of the plans.

**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET  
AND REAL PROPERTY TAX LIMIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Change from adopted budget to final budget**

Adopted budget	\$ 146,035,602
Add: prior year's encumbrances	<u>1,205,983</u>
Original budget	\$ 147,241,585
Add: Budget revision - voter approved expenditure from capital reserve	<u>5,439,000</u>
Final budget	<u>\$ 152,680,585</u>

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

2016-17 voter-approved expenditure budget	\$ 149,236,325
Maximum allowed (4% of 2016-17 budget)	<u><u>5,969,453</u></u>

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

Unrestricted fund balance:	
Assigned fund balance	3,397,613
Unassigned fund balance	<u>6,077,907</u>
Total unrestricted fund balance	<u>9,475,520</u>

## Less:

Appropriated fund balance	2,658,000
Encumbrances included in committed and assigned fund balance	<u>739,613</u>
Total adjustments	<u>3,397,613</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 6,077,907</u>
Actual percentage	4.07%

PLAINVIEW OLD-BETHPAGE CENTRAL SCHOOL DISTRICT  
 SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Project Title	Original	Revised	Expenditures to Date			Unexpended	Proceeds	State Aid	Local	Total	Fund			
	Appropriation	Appropriation	Prior Year's	Current Year	Total	Balance	of Obligations		Sources		Balance			
											June 30, 2016			
Upper Parking Lot - POBMS	220,000	220,000	219,550	\$	\$	219,550	\$	450	\$	220,000	\$	220,000	\$	450
Access Control Installation	70,917	71,917	54,826			54,826		17,091		71,917		71,917		17,091
District Wide Furniture		75,000			62,057	62,057		12,943		75,000		75,000		12,943
HVAC Restoration & Canopy	296,700	266,906	266,906			266,906		-		266,906		266,906		-
Floors and Roofing at Old Bethpage Elementary	886,213	1,348,313	33,279		579,792	613,071		735,242		-		-		(613,071) **
Old Bethpage Elementary Ceiling and Lights		1,587			1,587	1,587		-		-		-		(1,587) **
Old Bethpage Door and Hardware		1,038			1,037	1,037		1		-		-		(1,037) **
Old Bethpage Pipe and Tunnel Abatement		661,983			845	845		661,138		-		-		(845) **
HVAC Restoration - Jamaica Avenue	70,311	53,823	53,823			53,823		-		53,823		53,823		-
Jamaica Doors and Hardware		11,932			929	929		11,003		-		-		(929) **
Jamaica Bathroom Renovation		5,000			2,848	2,848		2,152		-		-		(2,848) **
Jamaica Windows	224,543	336,365	11,379		1,884	13,263		323,102		-		-		(13,263) **
Jamaica Ceiling and Lights		5,000			-	-		5,000		-		-		-
HVAC, Masonry, Windows - Parkway	478,624	424,737	424,737			424,737		-		424,737		424,737		-
Parkway Flooring and Roof	201,234	201,794	6,407		192,277	198,684		3,110		-		-		(198,684) **
Parkway Windows and Exterior	1,439,499	1,664,775	58,307		544	58,851		1,605,924		-		-		(58,851) **
Parkway Doors and Hardware		15,807			2,307	2,307		13,500		-		-		(2,307) **
Parkway Bathroom Renovation		5,000			1,364	1,364		3,636		-		-		(1,364) **
Parkway Ceiling and Lights		5,000			1,074	1,074		3,926		-		-		(1,074) **
Parkway Renovation to Auditorium		1,017			1,017	1,017		-		-		-		(1,017) **
HVAC Restoration and Skylight Replacement	565,509	552,952	552,952			552,952		-		552,952		552,952		-
Stratford Rd Flooring	383,443	383,443	17,305		232,433	249,738		133,705		-		-		(249,738) **
Stratford Rd Rehabilitation	1,236,730	1,236,730	45,999		796,067	842,066		394,664		-		-		(842,066) **
Stratford Doors and Hardware		51,800			977	977		50,823		-		-		(977) **
Stratford Ceiling and Lights		5,000			1,058	1,058		3,942		-		-		(1,058) **
Stratford Auditorium		5,000			2,994	2,994		2,006		-		-		(2,994) **
Stratford Window Project		5,000			1,943	1,943		3,057		-		-		(1,943) **
HVAC & Courtyard Restoration	810,027	789,652	789,652			789,652		-		789,652		789,652		-
POBMS Generator Project	600,000	1,347,456	308,221		4	308,225		1,039,231		1,347,456		1,347,456		1,039,231
POBMS Roof Replacement & Reconstruction	538,536	534,536	519,104			519,104		15,432		534,536		534,536		15,432
POBMS Track Resurfacing	772,850	772,850	567,252		194,720	761,972		10,878		772,850		772,850		10,878
POBMS Flooring and Site Work	279,015	353,537	6,993		336,615	343,608		9,929		-		-		(343,608) **
POBMS Doors and Hardware		50,291			1,662	1,662		48,629		-		-		(1,662) **
POBMS Toilet Renovations		4,000			2,568	2,568		1,432		-		-		(2,568) **
POBMS - Windows	3,824,795	4,764,515	141,431		3,494	144,925		4,619,590		-		-		(144,925) **
POBMS Ceiling and Lights		3,000			1,657	1,657		1,343		-		-		(1,657) **
POBMS Auditorium Reconstruction		3,000			1,797	1,797		1,203		-		-		(1,797) **
POB Elementary Bleachers	31,265	31,265	28,409			28,409		2,856		31,265		31,265		2,856
Manhong MS Bleachers		65,000			63,307	63,307		1,693		65,000		65,000		1,693
HVAC, Courtyard & Skylight	404,342	372,646	372,646			372,646		-		372,646		372,646		-
Mattlin MS Boiler 2&3	559,000	722,300	346		168,386	168,732		553,568		722,300		722,300		553,568
Mattlin MS Skylights	439,000	439,000	17,452		381,396	398,848		40,152		439,000		439,000		40,152
Mattlin -Floor, Roof &	2,177,496	2,177,496	96,351		1,829,306	1,925,657		251,839		-		-		(1,925,657) **
Mattlin MS Doors and Hardware		93,695			6,903	6,903		86,792		-		-		(6,903) **
Mattlin MS Lighting and Ceiling		2,357			2,356	2,356		1		-		-		(2,356) **
Mattlin MS Auditorium		3,135			3,134	3,134		1		-		-		(3,134) **
JFKHS Track and Resurface		150,000			-	-		150,000		150,000		150,000		150,000
HVAC & Locker Room - POBJFKHS	1,346,009	1,345,935	1,345,935			1,345,935		-		1,345,935		1,345,935		-
<b>Sub-total Carried Forward</b>	<b>17,856,058</b>	<b>21,642,585</b>	<b>5,939,262</b>		<b>4,882,339</b>	<b>10,821,601</b>		<b>10,820,984</b>		<b>8,235,975</b>		<b>8,235,975</b>		<b>(2,585,626)</b>

See Paragraph on Supplementary Schedules included in Auditor's Report.

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

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Fund Balance June 30, 2016
			Prior Year's	Current Year	Total						
Sub-total Brought Forward	17,856,058	21,642,585	5,939,262	4,882,339	10,821,601	10,820,984			8,235,975	8,235,975	(2,585,626)
POBJFKHS Roof Replacement & Reconstruction	238,183	303,634	274,221		274,221	29,413			303,634	303,634	29,413
JFKHS Flooring and Site Work	1,073,018	1,165,390	42,654	1,108,917	1,151,571	13,819					(1,151,571) **
JFKHS Ceiling and Lighting		5,000		1,815	1,815	3,185					(1,815) **
JFKHS Auditorium Renovation		5,000		2,218	2,218	2,782					(2,218) **
Jamaica Ave Parking Lot	150,000	150,000		125,791	125,791	24,209			150,000	150,000	24,209
HVAC Restoration - Fern Place	18,316	5,898	5,898		5,898			5,898		5,898	
Doors and Hardware - Fern Place		3,000		1,476	1,476	1,524					(1,476) **
HVAC, Masonry, Windows - Pasadena	601,415	578,875	578,875		578,875			578,875		578,875	
Pasadena Floor, Roof and Siding	204,923	256,923	8,349	233,935	242,284	14,639					(242,284) **
Pasadena Windows and Doors	1,274,840	1,707,675	51,979	544	52,523	1,655,152					(52,523) **
Pasadena Doors and Hardware		17,202		1,009	1,009	16,193					(1,009) **
Stratford Rd Bleachers	47,686	47,686	47,686		47,686			47,686		47,686	
JFK High School	5,300	5,300				5,300			5,300	5,300	5,300
POBMS Bleachers	119,521	119,521	119,521		119,521			119,521		119,521	
JP Telephone - Districtwide	1,055,977	851,565	642,371		642,371	209,194			851,565	851,565	209,194
Unallocated 2012 Project Appropriations	166,308	166,308	141,536		141,536	24,772			166,308	166,308	24,772
Unallocated 2013 Project Appropriations	500,947	500,947				500,947			500,947	500,947	500,947
Unallocated 2014 Project Appropriations	175,599	175,599				175,599			175,599	175,599	175,599
Unallocated 2015 Project Appropriations	213,148	76,848				76,848			76,848	76,848	76,848
Unallocated 2016 Project Appropriations	5,000,000	5,000,000				5,000,000			3,713,673	3,713,673	3,713,673
Unallocated Reserves		5,000,000				5,000,000			5,000,000	5,000,000	5,000,000
Prior Year Closed Projects & Fund Balance	7,543,358	7,543,358	6,616,151		6,616,151	927,207	1,062,129	1,637,871	4,586,584	7,286,584	670,433
Unallocated 2016 Project Appropriations		2,410,000				2,410,000			2,410,000	2,410,000	2,410,000
Bond Project		33,222,457		289,506	289,506	32,932,951					(289,506) **
	\$ 36,244,597	\$ 80,960,771	\$ 14,468,503	\$ 6,647,550	\$ 21,116,053	\$ 59,844,718	\$ 1,062,129	\$ 1,637,871	\$ 26,928,413	\$ 29,628,413	\$ 8,512,360

\*\* These projects will be funded with Bond proceeds when the District issues the approved bond.

See Paragraph on Supplementary Schedules Included in Auditor's Report.



**PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT  
NET INVESTMENT IN CAPITAL ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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Capital assets, net	<u>\$ 52,164,560</u>
Deduct:	
Bonds payable	11,165,000
Less: Unspent bond proceeds	(670,433)
Energy performance contract	<u>759,446</u>
	<u>11,254,013</u>
Net investment in capital assets	<u>\$ 40,910,547</u>

See Paragraph on Supplementary Schedules Included in Auditor's Report.

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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  
Plainview-Old Bethpage Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Plainview-Old Bethpage Central School District, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Plainview-Old Bethpage Central School District's basic financial statements, and have issued our report thereon dated September 28, 2016.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

R. S. Abrams + Co., LLP

R.S. Abrams & Co., LLP  
Islandia, NY  
September 28, 2016