

CORTLAND ENLARGED CITY SCHOOL DISTRICT
Board of Education Meeting – Tuesday, November 1, 2016 at 6:30 p.m.
Kaufman Center, 1 Valley View Drive, Cortland NY

- 1. CALL TO ORDER and PLEDGE OF ALLEGIANCE:**
- 2. COMMUNICATIONS and RECOGNITION:**
 - a. Kudos Korner
 - b. Audience Participation – (speakers are asked to state their name and address and limit their comments to two minutes).
 - c. Board Committee Reports:
 - 1.) BOE Policy Committee – Report on October 13 and 26, 2016 meetings
 - 2.) BOE Facilities Committee – Next meeting is November 3, 2016 at 4:30 p.m.
 - 3.) BOE Audit Committee – Report on October 14, 2016 meeting
 - 4.) BOE Financial Committee – Report on today's meeting
 - 5.) BOE Communication Committee – First meeting is November 7, 2016 at 4:00 p.m. (*Tentative*)
 - 6.) BOE Retreat – November 3, 2016 (Isaf-Merkur will take the BOE picture at this meeting)
- 3. PRESENTATIONS:**
 - a. External Audit
- 4. CONSENT ITEMS:**
 - a. Minutes of October 11, 2016 Regular Meeting
 - b. CSE/CPSE (Committee on Pre-school Special Education) Recommendations 2016-2017
- 5. OLD BUSINESS:**
- 6. NEW BUSINESS:**
 - a. Financial Reports: Treasurer's Report, Trial Balance, Revenues, Intrafund Transfers, Appropriations, Warrant, Claims Monthly Report – September 2016
 - b. Contract Renewal for Virgil Snow Removal and Sanding for the 2016-17 School Year
 - c. Acceptance of External Audit
 - d. Approval of 2017-18 Budget Calendar
 - e. Approval of Boys and Girls Varsity Indoor Track Teams for the Winter 2016-17 Season
- 7. PERSONNEL ACTION:**
 - a. Approval of Personnel Resignations and Leaves
 - b. Approval of Non-Instructional Personnel Appointments
 - c. Approval of Administrative and Instructional Personnel Appointments
- 8. LEADERSHIP REPORTS:**
 - a. Director of Business Services
 - b. Assistant Superintendent for Pupil and Personnel Services
 - 1.) Give the Gift of Family Reading
 - c. Assistant Superintendent for Curriculum and Instruction
 - d. Director of Special Education
 - e. Superintendent
- 9. BOARD MEMBER ACTIVITIES**
- 10. NEXT MEETING AGENDA REVIEW**
- 11. EXECUTIVE SESSION (*If needed*)**
- 12. ADJOURNMENT**

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CORTLAND ENLARGED CITY SCHOOL DISTRICT
Board of Education Meeting – Tuesday, October 11, 2016 at 6:30 p.m.
Kaufman Center, 1 Valley View Drive, Cortland NY

A Regular Meeting of the Board of Education was held on Tuesday, October 11, 2016 at the Kaufman Center, 1 Valley View Drive, Cortland, New York.

Present: Ms. Melissa Davis-Howard, Ms. Christine Gregory, Ms. Janet Griffin, Ms. Judith Murphy, Mr. John Natoli, and Mr. Peter Rogoff

Also Present: Mr. Michael Hoose, Superintendent; Ms. Judi Riley, Assistant Superintendent for Pupil and Personnel Services; Dr. Jeff Craig, Assistant Superintendent for Curriculum & Instruction; Ms. Kimberly Vile, Director of Business Service; Dr. John Sheehan, Director of Special Education; School and Community Members; and Ms. Alicia Zupancic, Clerk

Absent: Ms. Alane Van Donsel

1. CALL TO ORDER and PLEDGE OF ALLEGIANCE:

Ms. Davis-Howard called the meeting to order at 6:30 p.m. and the Pledge of Allegiance was recited.

2. COMMUNICATIONS and RECOGNITION:

a. Kudos Korner – None

b. Audience Participation – (speakers are asked to state their name and address and limit their comments to two minutes). - There were no requests to address the Board.

→ Ms. Nicole Eschler gave the Board a brief update on the work being done and timelines for the Re-identified Focus School designation .

c. Board Member Reports:

1.) BOE Policy Committee – Next meeting October 13, 2016 at 10:00 a.m.

2.) BOE Facilities Committee – ~~Next meeting October 25, 2016 at 4:00 p.m. (tentative)~~— This meeting will be rescheduled.

3.) BOE Audit Committee – Next meeting October 14, 2016 at 3:00 p.m.

4.) BOE Financial Committee – First meeting November 1, 2016 at 5:45 p.m. (tentative)

5.) BOE Retreat – November 3, 2016 (Isaf-Merkur will take the BOE picture at this meeting)

3. PRESENTATIONS:

a. Introduction of New Staff – Mr. Hoose, Mr. Pasquerella, Mr. Bacigalupi, Ms. Wanish, and Mr. Mack introduced new staff to the Board.

b. Introduction of 2016 Tenure Recipients – Mr. Hoose introduced the 2016 Tenure Recipients to the Board.

c. Introduction of Excellence Award Recipients – Mr. Hoose introduced the Excellence Award recipients to the Board.

There was a fifteen minute reception honoring the new staff, tenure recipients and excellence award recipients from 6:45 – 7:00 p.m.

d. Transportation Study – Mr. Chris Andrews reviewed the results of a transportation study that occurred in May 2016 for the District.

4. CONSENT ITEMS:

a. Minutes of September 27, 2016 Regular Meeting

- b. CSE/CPSE (Committee on Pre-school Special Education) Recommendations 2016-2017
607001660, 610342472, 610340630, 610380835, 607001365, 607001601, 610305424, 607001758,
610324606, 607002496, 607002590, 607002589, 610382948, 607002429, 607002175, 607000798,
607000499, 610387747, 607001650, 610323615, 607000647, 607002428

RESOLVED, upon the recommendation of the Superintendent of Schools, to approve the Consent Items as presented.

Moved by Mr. Natoli, seconded by Ms. Griffin. Discussion: None

Final Vote: Yes – 6, No – 0. Motion Carried.

5. OLD BUSINESS: None

6. NEW BUSINESS:

- a. Approval of Snow Plowing Service Agreement with the City of Cortland for the 2016-17 Fiscal Year
RESOLVED, upon the recommendation of the Superintendent, that the Board of Education of the Cortland Enlarged City School District hereby approves the agreement for snow plowing service with the City of Cortland for the 2016-17 fiscal year as presented.

Moved by Ms. Murphy, seconded by Ms. Griffin. Discussion: How does this compare to last year? It is the same as last year.

Final Vote: Yes – 6, No – 0. Motion Carried.

- b. Extended Field Trip Planning Approval – Class of 2017 Senior Trip to Cedar Point in Ohio
RESOLVED, upon the recommendation of the Superintendent to approve the planning of an Extended Field Trip – Class of 2017 Senior Trip to Cedar Point in Ohio as presented.

Moved by Ms. Gregory, seconded by Mr. Rogoff. Discussion: None

Final Vote: Yes – 6, No – 0. Motion Carried.

- c. Approval of Claims Quarterly Report for July, August, & September 2016
RESOLVED, upon the recommendation of the Superintendent to approve the Claims Quarterly Report for July, August, & September 2016 as presented.

Moved by Ms. Griffin, seconded by Mr. Natoli. Discussion: None

Final Vote: Yes – 6, No – 0. Motion Carried.

7. PERSONNEL ACTION:

- a. Approval of Personnel Resignations and Leaves
RESOLVED, upon the recommendation of the Superintendent of Schools, to approve the Resignations and Leaves as presented on Resignations and Leaves Schedule 11.81.

Moved by Ms. Murphy, seconded by Mr. Natoli. Discussion: None

Final Vote: Yes – 6, No – 0. Motion Carried.

- b. Approval of Non-Instructional Personnel Appointments
RESOLVED, upon the recommendation of the Superintendent of Schools, to approve the appointments for Non-Instructional Personnel as presented on Schedules of Appointment 1193 and 1194.

Moved by Ms. Griffin, seconded by Mr. Rogoff. Discussion: None

Final Vote: Yes – 6, No – 0. Motion Carried.

- c. Approval of Administrative and Instructional Personnel Appointments
RESOLVED, upon the recommendation of the Superintendent of Schools, to approve the appointments for Administrative and Instructional Personnel as presented on Schedules of Appointment 2439 and 2440.

Moved by Mr. Natoli, seconded by Ms. Murphy. Discussion: None

Final Vote: Yes – 6, No – 0. Motion Carried.

- d. Approval of Tenure Recommendation
RESOLVED, upon the recommendation of the Superintendent of Schools, to approve the Tenure appointment as presented on Schedule of Appointment 2438.

Moved by Mr. Natoli, seconded by Mr. Rogoff. Discussion: None

Final Vote: Yes – 6, No – 0. Motion Carried.

8. LEADERSHIP REPORTS:

a. Director of Business Services

- 1.) Budget Calendar – Ms. Vile gave the Board a draft of the budget calendar. She stated how this document will be a working document throughout the budget process.

b. Assistant Superintendent for Pupil and Personnel Services

- 1.) PAW Run – The PAW Run is taking place this Sunday, October 16. All proceeds support the PTA, PTO and PTAG groups of the Cortland Enlarged City School Districts. There is still time to sign up or volunteer.
- 2.) The annual youth survey is taking place on October 17, 2016. The results will be shared in the future when available.

c. Assistant Superintendent for Curriculum and Instruction

- 1.) Recap of Professional Development Day – Launched work for goal 3, guaranteed and viable curriculum. The teachers worked with their grade levels to identify the essentials. The staff worked hard and accomplished good work.

d. Director of Special Education

- 1.) SEQRA Update – As the special education department engaged the process, the process engaged them to explore deeply their practice and procedures around present level of performance, annual goals, transition, timeout, and behavioral intervention plans.
An area of focus, alignment – offering professional development, individual coaching, and collaborative work to name a few.
The timeframe is a crucial timeframe as deadlines are approaching and an increased number of IEPs to bring to compliance. The teachers have rolled up their sleeves and are approaching these deadlines with a positive energy and willingness.

e. Superintendent

- 1.) Mr. Hoose discussed the impact the Truxton Charter School will have on CECSD. He asked the Board if there were any objections to him speaking at a forum being held in the Bonne Auditorium of Homer Intermediate School on October 12, 2016 and if there is anything they would like him to comment on. The Board all agreed that Mr. Hoose should speak at the forum. Mr. Hoose also informed the Board that the Board of Regents is looking for written statements regarding the Truxton Charter School also.
- 2.) Attendance updates will be given to the Board quarterly.

9. BOARD MEMBER ACTIVITIES – Rachel's Challenge, Baseball haunted hayride

10. NEXT MEETING AGENDA REVIEW

- a. Next meeting has been moved from October 25 to November 1, 2016

11. EXECUTIVE SESSION (*If needed*) – None

Audience Comment: CUT President, Ms. Eileen Fitzgerald-Spiehs, said she received many positive comments regarding the professional development day. She thanked Dr. Craig. Mr. Hoose added that Dr. Craig and the Cabinet team did a great job offering professional development to all staff, including support personnel.

12. ADJOURNMENT

As there was no further business to discuss, Ms. Davis-Howard asked for a motion to adjourn the regular meeting at 7:52 p.m.

Moved by Ms. Gregory, seconded by Mr. Natoli. Discussion: None

Final Vote: Yes – 6, No – 0. Motion Carried.

INVESTMENT REPORT as of 9/30/2016

ACCOUNT TYPE

BANK

BOOK BALANCE

ACCOUNT DESCRIPTION

FUND	ACCOUNT TYPE	BANK	BOOK BALANCE	ACCOUNT DESCRIPTION
NYS requires one account code for all NYS funds coming into the district. The district transfers funds to the respective accounts noted below.				
Savings		JPMorganChase	\$ 4,021,308	Funds from NYS
Checking		JPMorganChase	\$ 493,459	District office check scanner deposit account; No checks are written from this account
General Fund Accounts:				
Public Funds Checking		TTC	\$ 55,639	Used for General Fund related cash deposits; No checks are written from this account
Commercial Checking		JPMorganChase	\$ 121,469	Used for all payments from the General Fund & CM Fund
Super Checking		TTC	\$ 7,310,925	Used for property tax collections
Super Svgs MMkt		TTC	\$ 1,483,916	Retirement Reserve
Super Svgs MMkt		TTC	\$ 347,290	Unemployment Reserve
Super Svgs MMkt		TTC	\$ 2,013,119	Insurance Reserve
Super Svgs MMkt		TTC	\$ 812,089	Tax Certiorari Reserve
Super Svgs MMkt		TTC	\$ 965,963	Accrued Employee Benefit Reserve
Super Svgs MMkt		TTC	\$ 1,510,615	Capital Reserve
Super Svgs MMkt		TTC	\$ 30,145	Liability Reserve
Super Svgs MMkt		TTC	\$ 374,408	Workers' Compensation Reserve
Super Svgs MMkt		TTC	\$ 466,635	Repair Reserve
School Lunch Fund Accounts:				
Public Funds Checking		First Niagara/TTC	\$ 480,948	Used for all daily receipts of School Lunch Fund; no checks are written from this account
Commercial Checking w/ Interest		JPMorganChase	\$ 118,142	Used for all payments from the School Lunch Fund
Special Aid Fund Account:				
Commercial Checking w/ Interest		JPMorganChase	\$ 131,764	Used for all payments from the Special Aid Fund - Grants
Capital Fund Account:				
Commercial Checking		JPMorganChase	\$ 22,697	Used for paying capital project bills
Debt Service Fund Account:				
Public Funds Commercial MMDA		JPMorganChase	\$ 4,154,624	Used to account for BAN/bond proceeds to be used for capital expenditures and debt service
Agency Fund:				
Public Funds Checking		TTC	\$ 26,514	Used for Agency related cash deposits; No checks are written from this account
Commercial Checking		JPMorganChase	\$ 306,598	Used for all payments from the Agency Fund, including payroll and employee benefit payments
Expendable Trust Fund:				
Public Funds NOW		TTC	\$ 124,824	Savings account for all scholarship funds

FUND BALANCE ANALYSIS AT YEAR END 2016

AS OF 9/30/16

REVENUE	BUDGET 16/17	YEAR TO DATE	ADJUSTMT	ADJ. BUD 16/17	EXCEEDED + (UNDER)
TAXES	17,248,932	8,955,688	-	17,248,932	(8,291,264)
CHARGE FOR SVCS	145,000	8,589	-	145,000	(136,411)
INTEREST/RENTS	60,150	5,103	-	60,150	(55,047)
SALE OF PROP./Insurance Recovery	30,000	126,112	-	30,000	96,112
MISCELLANEOUS	492,182	69,243	-	492,182	(422,939)
STATE AID/BOCES AID	27,550,912	3,120,013	-	27,550,912	(24,430,899)
MEDICAID	75,000	1,062	-	75,000	(73,938)
INTERFUND TRANSFERS	45,600,176	12,285,789	-	45,600,176	(33,314,387)
TOTAL	3,476,711	500,000	-	500,000	500,000
RESERVES	500,000	12,285,789	-	46,100,176	
APP FUND BALANCE	49,576,887				
TOTAL					

FUND BALANCE, JULY 1, 2016

9,636,993

ADD: ACTUAL REVENUE

12,285,789

LESS: ACTUAL EXPENSES PLUS ENCUMBRANCES

35,735,515

FUND BALANCE, JUNE 30, 2017

(13,812,733)

(LESS): Appropriated Fund Balance

500,000

(LESS): Reserve for Encumbrances

576,892

Reserve for Workers Comp.

347,224

Reserve for Unemployment

1,483,450

Reserve for Retirement Contributions

30,126

Reserve for Liability

2,012,487

Reserve for Insurance

811,895

Reserve for Tax Certiorari

965,696

Reserve for Employee Benefits

1,510,141

Capital Reserve

466,545

Reserve for Repairs

8,204,456

(LESS): Reserves-Restricted Fund Balance

(22,517,189)

Unassigned Fund Balance

MAX FUND BALANCE (4% 2016/17 Budget)

1,983,075

SURPLUS/(DEFICIT) above 4%

(24,500,264)

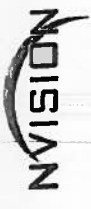
Debt Service Fund

1,113,917

APPROPRIATIONS	BUDGET 16/17	YEAR TO DATE	ADJUSTMT	ADJ. BUD 16/17	EXCEEDED + (UNDER)
BD OF ED	39,604	18,793	10,126	49,730	30,938
CENT. ADM.	234,203	202,645	940	235,143	32,498
BUS. ADM.	560,165	281,594		560,165	278,571
PERSONNEL	156,329	61,415		156,329	94,914
CENTRAL SVCS	2,939,008	2,427,537	60,913	2,999,919	572,382
SPECIAL ITEMS	421,400	27,725		421,400	393,675
SUPERVISION	1,972,430	1,647,737	75	1,972,505	324,768
TEACHING	12,518,907	10,910,255	17,746	12,536,653	1,626,398
SPEC EDUCATION	6,233,871	2,869,357	(46,631)	6,187,240	3,317,884
SPEECH THERAPY	181,371	156,122	500	181,871	5,749
OCCUPATIONAL THERAPY	111,283	101,226		111,283	10,057
PHYSICAL THERAPY	930,000	50,897	51,500	930,000	603
OCC EDUCATION	253,720	70,292		253,720	183,428
SUMMER SCHOOL	562,052	491,725	50,153	612,205	120,479
SCHOOL LIBRARY	80,725	93,209		80,725	(12,484)
TV	1,410,175	286,903	5,812	1,415,987	1,149,085
COMPUTER ASST. INST	116,977	105,794		116,977	11,183
ATTENDANCE	416,922	388,864		416,922	48,058
GUIDANCE	252,168	235,190		252,168	16,978
HEALTH/DIAGNOSTIC	327,737	274,065		327,737	53,672
PSYCHOLOGICAL	430,483	393,387		430,483	37,096
SOCIAL WORKER	211,108	173,375	1,700	212,808	39,433
CO-CURRICULAR	682,592	321,468		682,592	341,124
INTERSCHOLASTIC	1,185,746	737,900	420	1,186,166	448,266
TRANSPORTATION	120,092	46,053	720	120,812	74,760
GARAGE	8,363	-	(600)	7,763	7,763
TRANS BOCES	13,304,812	9,901,505	(123,591)	13,181,221	3,279,716
EMPLOYEE BENEFITS	3,809,646	3,499,646		3,809,646	310,000
DEBT SERVICE	145,000	838	838	145,838	145,000
INTERFUND TRANSFERS	49,576,887	35,735,515	30,621	49,607,508	13,871,993
TOTAL					

CORTLAND ENLARGED CITY SCHOOLS

Revenue Status Report From 7/1/2016 To 9/30/2016



Account	Description	Budget	Adjustments	Revised Budget	Revenue Earned	Unearned Revenue
A 1001	REAL PROPERTY TAXES	17,006,932.00	0.00	17,006,932.00	14,354,134.92	2,652,797.08
A 1081	OTHER PAYMENTS LIEU OF TAXES	150,000.00	0.00	150,000.00	105,149.43	44,850.57
A 1085	SCHOOL TAX RELIEF REIMBURSEMENT	0.00	0.00	0.00	2,652,798.05	-2,652,798.05
A 1090	INTEREST & PENALTIES REAL PROPERTY	90,000.00	0.00	90,000.00	13,863.93	76,136.07
A 1310	DAY SCHOOL TUITION INDIVIDUAL	25,000.00	0.00	25,000.00	5,925.00	19,075.00
A 1410	ADMISSION-FOOTBALL	0.00	0.00	0.00	2,614.00	-2,614.00
A 1414	ADMISSIONS-OTHER EVENTS	10,000.00	0.00	10,000.00	0.00	10,000.00
A 1489	OTHER CHARGES FOR SERVICES	1,000.00	0.00	1,000.00	325.00	675.00
A 1490	CHARGES FOR TRANS-NON STUDENT	20,000.00	0.00	20,000.00	0.00	20,000.00
A 2230	DAY SCHOOL TUIT OTHER DISTRICTS	70,000.00	0.00	70,000.00	0.00	70,000.00
A 2235	SERVICES PROVIDED FOR BOCES	1,000.00	0.00	1,000.00	0.00	1,000.00
A 2280	HEALTH SERVICES OTHER DISTRICT	18,000.00	0.00	18,000.00	0.00	18,000.00
A 2401	INTEREST AND EARNINGS	20,000.00	0.00	20,000.00	3,703.05	16,296.95
A 2410	RENTAL REAL PROPERTY INDIVIDUAL	15,000.00	0.00	15,000.00	14,000.00	1,000.00
A 2413	RENTAL REAL PROPERTY BOCES	25,000.00	0.00	25,000.00	0.00	25,000.00
A 2414	RENTAL OF EQUIPMENT INDIVIDUAL	150.00	0.00	150.00	0.00	150.00
A 2665	SALES OF EQUIPMENT	30,000.00	0.00	30,000.00	0.00	30,000.00
A 2680	INSURANCE RECOVERIES	0.00	0.00	0.00	125,999.55	-125,999.55
A 2690	OTHER COMPENSATION FOR LOSS	0.00	0.00	0.00	118.96	-118.96
A 2700	MEDICARE PART D DRUG REIMB	100,000.00	0.00	100,000.00	0.00	100,000.00
A 2701	REFUND PRIOR YEARS - BOCES	200,000.00	0.00	200,000.00	10,461.82	189,538.18
A 2703	OTHER REFUNDS (SPECIFY)	175,000.00	0.00	175,000.00	50,281.27	124,718.73
A 2705	GIFTS AND DONATIONS	10,000.00	0.00	10,000.00	8,500.00	1,500.00
A 2770	UNCLASSIFIED REVENUES(SPECIFY)	5,000.00	0.00	5,000.00	0.00	5,000.00
A 2801	INTERFUND REVENUES	2,182.00	0.00	2,182.00	0.00	2,182.00
A 3101	BASIC FORMULA	23,529,344.00	0.00	23,529,344.00	810,751.74	22,718,592.26
A 3101..01	EXCESS COST AID	885,704.00	0.00	885,704.00	23,022.63	862,681.37
A 3102	LOTTERY AID	390,260.00	0.00	390,260.00	2,985,644.81	-2,595,384.81
A 3102..1	VLT GRANT	0.00	0.00	0.00	100,317.01	-100,317.01
A 3103	BOCES AID	2,172,510.00	0.00	2,172,510.00	0.00	2,172,510.00
A 3104	TUITION AID CHAPTER 47/66/721	65,000.00	0.00	65,000.00	0.00	65,000.00
A 3260	TEXTBOOKS	211,688.00	0.00	211,688.00	39,420.00	172,268.00
A 3262	SOFTWARE/HARDWARE AID	48,531.00	0.00	48,531.00	0.00	48,531.00
A 3289	OTHER STATE AID	247,875.00	0.00	247,875.00	0.00	247,875.00
A 4601	MEDICAID ASSISTANCE	75,000.00	0.00	75,000.00	1,061.74	73,938.26
A Totals:		45,600,176.00	0.00	45,600,176.00	21,308,092.91	24,292,083.09
Grand Totals:		45,600,176.00	0.00	45,600,176.00	21,308,092.91	24,292,083.09

CORTLAND ENLARGED CITY SCHOOLS

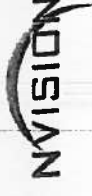
Appropriation Status Summary Report By Function From 7/1/2016 To 9/30/2016



Account	Description	Budget	Adjustments	Adj. Budget	Expensed	Encumbered	Available
1010	BOARD OF EDUCATION	*	10,126.41	40,480.41	14,235.86	2,157.00	24,087.55
1040	DISTRICT CLERK	*	0.00	3,000.00	553.86	1,846.14	600.00
1060	DISTRICT MEETING	*	0.00	6,250.00	0.00	0.00	6,250.00
10		**	10,126.41	49,730.41	14,789.72	4,003.14	30,937.55
1240	CHIEF SCHOOL ADMINISTRATOR	*	940.00	235,143.00	49,508.00	153,136.79	32,498.21
12		**	940.00	235,143.00	49,508.00	153,136.79	32,498.21
1310	BUSINESS ADMINISTRATION	*	0.00	412,131.00	53,272.08	147,105.28	211,753.64
1320	AUDITING	*	0.00	60,000.00	600.00	3,000.00	56,400.00
1325	TREASURER	*	0.00	75,234.00	16,334.70	54,449.03	4,450.27
1330	TAX COLLECTOR	*	0.00	12,800.00	833.00	6,000.00	5,967.00
13		**	0.00	560,165.00	71,039.78	210,554.31	278,570.91
1420	LEGAL	*	0.00	50,000.00	1,305.01	18,694.99	30,000.00
1430	PERSONNEL	*	0.00	106,329.00	11,000.33	30,414.70	64,913.97
14		**	0.00	156,329.00	12,305.34	49,109.69	94,913.97
1620	OPERATION OF PLANT	*	-69,300.00	2,261,565.00	542,835.31	1,185,606.46	533,123.23
1621	MAINTENANCE OF PLANT	*	130,213.00	738,354.00	172,456.35	526,639.17	39,258.48
16		**	60,913.00	2,999,919.00	715,291.66	1,712,245.63	572,381.71
1910	UNALLOCATED INSURANCE	*	0.00	205,000.00	27,725.40	0.00	177,274.60
1930	JUDGMENTS & CLAIMS	*	0.00	1,500.00	0.00	0.00	1,500.00
1964	REFUND ON REAL PROPERTY TAXES	*	0.00	2,000.00	0.00	0.00	2,000.00
1981	BOCES ADMINISTRATIVE COSTS	*	0.00	182,900.00	0.00	0.00	182,900.00

CORTLAND ENLARGED CITY SCHOOLS

Appropriation Status Summary Report By Function From 7/1/2016 To 9/30/2016



Account	Description	Budget	Adjustments	Adj. Budget	Expensed	Encumbered	Available
2810	GUIDANCE-REGULAR SCHOOL	*	416,922.00	0.00	416,922.00	43,397.54	325,466.29
2815	HEALTH SERVICES-REGULAR SCHOOL	*	252,168.00	0.00	252,168.00	18,138.32	217,051.29
2820	PSYCHOLOGICAL SRVC-REG SCHOOL	*	327,737.00	0.00	327,737.00	19,915.48	254,149.82
2825	SOCIAL WORK SRVC-REG SCHOOL	*	430,483.00	0.00	430,483.00	22,810.19	370,576.61
2850	CO-CURRICULAR ACTIV-REG SCHL	*	211,108.00	1,700.00	212,808.00	13,058.70	160,316.17
2855	INTERSCHOL ATHLETICS-REG SCHL	*	662,592.00	0.00	662,592.00	91,159.75	230,308.31
28		**	2,417,987.00	1,700.00	2,419,687.00	227,816.30	1,644,326.00
5510	DISTRICT TRANSPORTATION	*	1,185,746.00	419.78	1,186,165.78	153,673.72	584,225.83
5530	GARAGE BUILDING	*	120,092.00	720.23	120,812.23	17,205.98	28,846.75
5581	TRANSPORTATION FROM BOCES	*	8,363.00	-600.00	7,763.00	0.00	0.00
55		**	1,314,201.00	540.01	1,314,741.01	170,879.70	613,072.58
9010	STATE RETIREMENT	*	767,850.00	0.00	767,850.00	0.00	0.00
9020	TEACHERS' RETIREMENT	*	2,300,000.00	0.00	2,300,000.00	-80.04	2,000,000.00
9030	SOCIAL SECURITY	*	1,692,752.00	-75.00	1,692,677.00	202,269.88	0.00
9040	WORKERS' COMPENSATION	*	269,648.00	-37,365.97	232,282.03	202,575.00	0.00
9050	UNEMPLOYMENT INSURANCE	*	20,000.00	0.00	20,000.00	7,847.24	2,152.76
9060	HOSPITAL, MEDICAL & DENTAL INS	*	7,532,012.00	0.00	7,532,012.00	1,156,090.64	6,248,480.41
9089	OTHER	*	722,550.00	-86,150.00	636,400.00	73,074.30	9,094.35
90		**	13,304,812.00	-123,590.97	13,181,221.03	1,641,777.02	8,259,727.52
9711	DEBT SERVICE - CONSTRUCTION	*	3,117,450.00	0.00	3,117,450.00	0.00	0.00
9712	DEBT SERVICE - BUSES	*	382,196.00	0.00	382,196.00	300,465.50	81,730.50

CORTLAND ENLARGED CITY SCHOOLS

Budget Transfer Query From 9/1/2016 - 9/30/2016 In Between \$0.00 And \$999,999,999.99



Reference #	Date	Transfer Explanation	Account	Detail Description	Debits	Credits
607	09/07/2016	To increase athletic trainer budget for contract increase per Alana V.	A 2855.440-00-0000		0.00	2,500.00
			A 2855.449-10-0000		2,500.00	0.00
Transfer Totals:					2,500.00	2,500.00
608	09/08/2016	To create budget for speech therapy extra help	A 2250.193-00-0000		500.00	0.00
			A 2251.193-00-0000		0.00	500.00
Transfer Totals:					500.00	500.00
609	09/08/2016	To reclass HS teacher salary budget	A 2110.130-00-0000		0.00	4,714,074.31
			A 2110.130-10-0000		4,714,074.31	0.00
Transfer Totals:					4,714,074.31	4,714,074.31
610	09/13/2016	To create Barry supervision travel budget	A 2020.474-50-0000		0.00	75.00
			A 9030.800-00-0000		75.00	0.00
Transfer Totals:					75.00	75.00
Grand Totals:					4,717,149.31	4,717,149.31

6.b

**CORTLAND ENLARGED CITY SCHOOL DISTRICT/ TOWN OF VIRGIL
2016/2017 SNOW PLOWING AGREEMENT**

This Agreement entered into this ____ day of October 2016 between the *CORTLAND ENLARGED CITY SCHOOL DISTRICT*, 1 Valley View Drive, Cortland, NY 13045 and the *TOWN OF VIRGIL*, in the County of Cortland, State of New York, is for the plowing of snow in certain areas around the Virgil Elementary School, for a **period of one year**, being the 2016-2017 school year.

SCOPE OF WORK:

Plowing of snow and sanding as necessary from the areas around said school building know as the parking lot, bus are and roadway to the cafeteria. This contract excludes the small parking lot in the front of the building off Church Street.

For the satisfactory performance of the above service, the *CORTLAND ENLARGED CITY SCHOOL DISTRICT* agrees to pay the sum of:

Two Thousand Dollars (\$2,250.00) for the 2016-2017 school year- Plowing
One Thousand Dollars (\$1,250.00) for the 2016-2017 school year- Sanding

before the end of said school year (June 30, 2017) to the *TOWN OF VIRGIL* after the submission of the attached claim form by the *TOWN OF VIRGIL*.

In the event of extraordinary weather conditions resulting in plowing and sanding beyond what is usual, regular or customary, the *CORTLAND ENLARGED CITY SCHOOL DISTRICT* agrees to pay in addition to the sum above the sum of:

10% times the total District cost in excess of \$17,650.00 for Snowplowing/Removal/Sanding paid to all contractors during the 2016-2017 school year. (The figure \$17,650.00 representing the District's usual, regular or customary cost for Snowplowing/Removal/Sanding.)

before the end of said school year (June 30, 2017) to the *TOWN OF VIRGIL*. District calculation and notification of any additional payment due to the Town will be made in June of 2017.

The bill for such service shall be payable when rendered on the claim form provided by the *CORTLAND ENLARGED CITY SCHOOL DISTRICT*.

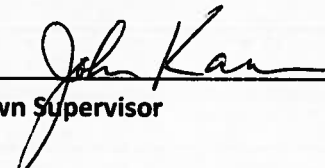
The District additionally agrees to reimburse the Town of Virgil at the rate of sixty-five dollars (\$65.00) per hour for the plowing of the Virgil Elementary School Parking Lot North. All Bills are to be submitted by the Town monthly.

This Agreement, when signed by agents of both parties thereto, shall be in force from the date specified above, until June 30, 2017.

CORTLAND ENLARGED CITY SCHOOL DISTRICT

Director of Business Services

TOWN OF VIRGIL



Town Supervisor

**CORTLAND ENLARGED CITY SCHOOL DISTRICT/ TOWN OF VIRGIL
2016/2017 SWEEPING AGREEMENT**

This Agreement entered into this ____ day of October 2016 between the *CORTLAND ENLARGED CITY SCHOOL DISTRICT*, 1 Valley View Drive, Cortland, NY 13045 and the *TOWN OF VIRGIL*, in the County of Cortland, State of New York, is for the sweeping in certain areas around the Virgil Elementary School, in the spring.

SCOPE OF WORK:

Sweeping from the areas around said school building known as the parking lots, bus area and roadway to the cafeteria. This contract excludes the small parking lot in the front of the building off Church Street.

For the satisfactory performance of the above service, the *CORTLAND ENLARGED CITY SCHOOL DISTRICT* agrees to pay the sum of:

One Thousand Dollars (\$1,000.00) for the end of the 2016-2017 Plowing season

before the end of said school year (June 30, 2017) to the *TOWN OF VIRGIL* after the submission of the attached claim form by the *TOWN OF VIRGIL*.

The bill for such service shall be payable when rendered on the claim form provided by the *CORTLAND ENLARGED CITY SCHOOL DISTRICT*.

This Agreement, when signed by authorized representatives of both parties thereto, shall be in force from the date specified above, until June 30, 2017.

CORTLAND ENLARGED CITY SCHOOL DISTRICT

Director of Business Services

TOWN OF VIRGIL

Town Supervisor

L.C.

CORTLAND ENLARGED CITY SCHOOL DISTRICT

NEW YORK

***COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT***

For Year Ended June 30, 2016

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

October 10, 2016

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Cortland Enlarged City School District, New York as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Cortland Enlarged City School District, New York's (the District) internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

Financial Overview:

Fiscal Condition/Appropriation of Fund Balance and Reserves –

As you are aware, the General Fund balance reported at June 30, 2016 was reduced by \$1,238,433. This reduction was after a revenue transfer of \$500,000 from the Debt Service Fund. The District appropriated funds to support the following budgets:

	<u>2016-17</u>	<u>2015-16</u>
Employee Benefit Accrued Liability	\$ 750,000	\$ 500,000
Unemployment	74,561	300,000
Tax Certiorari	250,000	-
Workers' Compensation	240,000	600,000
Liability	30,150	600,000
Insurance	1,800,000	500,000
Repair	82,000	-
Retirement Contribution	750,000	2,000,000
Sub Total	\$ 3,976,711	\$ 4,500,000
General Fund	500,000	500,000
Total	<u>\$ 4,476,711</u>	<u>\$ 5,000,000</u>
Transfer from Debt Service Fund	<u>\$ -</u>	<u>\$ 500,000</u>

We recommend the District continue to closely monitor the 2016-17 revenue and appropriation budget in an effort to limit the spend down of fund balance and reserves, as well as implementing a long range plan to reduce use of reserves and fund balance to support future operating budgets.

Prior Year Deficiencies Pending Corrective Action:

Policies –

The District does not currently have policies covering online banking operations, fraud, or asset capitalization. Additionally, the District's purchasing policy has not been updated for recent changes to the bidding thresholds and does not specify the number of quotes that should be obtained for purchases under the bidding thresholds.

The District's policy committee is currently in the process of reviewing, and updating, the entire policy manual. Additionally, we noted that online banking and purchasing policies have been prepared, and are pending Board of Education approval.

Documentation of Procedures –

Auditing standards have always required management to maintain an understanding of their internal controls. Changes to those standards now require management to document their understanding through an annual assessment. In addition, to aid in this annual assessment, the District should document in writing the daily routine for the various business office cycles (procurement, cash receipts, payroll, personnel, and monthly closing process). The District is currently in the process of documenting processes and procedures in a business office procedure binder. This document is a continued work in progress, and will be continually updated and revised as processes and procedures evolve.

(Prior Year Deficiencies Pending Corrective Action) (Continued)

School Lunch Fund –

During the course of our examination we noted that the fund balance in the School Lunch Fund at June 30, 2016 was in excess of the three months average expenditures level recommended by Federal Regulation #7CFR Part 210.15. We have been informed that the District has a plan to use this excess fund balance to make equipment upgrades within the food service program.

Current Year Deficiency in Internal Control:

Payroll Withholding Taxes –

Due to turnover within the payroll department there were two instances in which taxes were transmitted after the required deposit date. In one of these instances, the payment was only one day late, as the error was caught as part of the normal bank reconciliation process.

We recommend that the District continue to monitor IRS deadlines and ensure that all necessary payments are transmitted within acceptable timeframes.

Through discussion with Business Office personnel we have noted that the District has subsequently created procedures to mitigate this internal control deficiency. The payroll coordinator is now verifying that the documentation is submitted to taxing authorities and provides supporting documentation to the Director of Business Services and Treasurer at the time tax deposits are made for each payroll.

Prior Year Recommendations:

The following prior year recommendations have been implemented to our satisfaction:

1. The payroll clerk's access rights that we reviewed did not allow access to personnel functions.
2. All employees tested that worked overtime were paid at the overtime rate.
3. Employees were not paid in advance of rendering services.
4. Current contracts are being used to calculate hourly rates for custodians/cleaners.
5. Audit change reports (vendor and payroll) are being printed and reviewed.
6. Journal entries are being reviewed by an individual independent of the process prior to being posted to the books.

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This communication is intended solely for the information and use of management, the Board, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation to the business office staff for all the courtesies extended to us during the course of our examination.

Raymond F. Wager, CPA, PC

October 10, 2016

CORTLAND ENLARGED CITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

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Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Cortland Enlarged City School District, New York, (the District) as of and for the 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cortland Enlarged City School District, New York, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress postemployment benefit plan, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4-13 and 54-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Uniform Guidance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Uniform Guidance are the responsibility of management and were 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 accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Uniform Guidance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2016 on our consideration of the Cortland Enlarged City School District, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 10, 2016

Raymond F. Wager, CPA, P.C.

**Cortland Enlarged City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2016. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

At the close of the fiscal year, the total assets (what the district owns) exceeded its total liabilities (what the district owes) by \$8,903,373 (net position) a decrease of (\$6,408,267) from the prior year. This decrease is primarily the result of an \$8,516,627 increase in the Other Postemployment Benefits Liability, increased salaries, added use of BOCES services and increased maintenance and debt interest, offset by a reduction of debt in the amount of \$2,055,000, an increase in deferred outflows of \$1,575,133 and a decrease in deferred inflows of (\$4,301,788).

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$10,541,381, a decrease of \$4,416,644 in comparison with the prior year. This decrease is mainly the result of increased salaries, added use of BOCES services, increased maintenance and capital project expenditures.

General revenues, which include Federal and State Aid and Real Property Taxes, accounted for \$44,012,419 or 91.1% of all revenues. Program specific revenues in the form of Charges for services and Operating Grants and Contributions totaled \$4,281,208 or 8.9% of total revenues.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

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

Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains eight individual governmental funds: General Fund, Capital Projects Fund-Construction, Special Aid Fund, School Lunch Fund, Debt Service Fund, Miscellaneous Special Revenue Fund, Permanent Fund and Capital Projects Fund-Buses. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the special aid fund, school lunch fund, debt service fund and the capital projects fund-construction, which are reported as major funds. Data for the miscellaneous special revenue fund and the permanent fund are aggregated into a single column and reported as non-major funds.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

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

<u>Major Feature of the District-Wide and Fund Financial Statements</u>			
	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net position and Statement of activities	Balance sheet and Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position and Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; 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

Notes to the Financial Statements

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

Government-Wide Statements

The government-wide 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 the School District's assets and liabilities. 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 government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

Financial Analysis of the School District As A Whole

Net Position

The District's combined net position decreased during June 30, 2016 by 41.9% to \$8,903,373 as shown in the table below.

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2016</u>	<u>2015</u>	<u>Variance</u>
<u>ASSETS:</u>			
Current Assets	\$ 12,577,259	\$ 9,470,690	\$ 3,106,569
Noncurrent Assets	90,974,175	91,917,426	(943,251)
Total Assets	\$ 103,551,434	\$ 101,388,116	\$ 2,163,318
Deferred Outflows of Resources	\$ 4,848,514	\$ 3,273,381	\$ 1,575,133
<u>LIABILITIES:</u>			
Current Liabilities	\$ 14,119,117	\$ 7,929,096	\$ 6,190,021
Long-Term Obligations	81,125,939	72,867,454	8,258,485
Total Liabilities	\$ 95,245,056	\$ 80,796,550	\$ 14,448,506
Deferred Inflows of Resources	\$ 4,251,519	\$ 8,553,307	\$ (4,301,788)
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 39,334,059	\$ 36,554,653	\$ 2,779,406
Restricted net position	9,511,036	13,387,972	(3,876,936)
Unrestricted net position	(39,941,722)	(34,630,985)	(5,310,737)
Total Net Position	\$ 8,903,373	\$ 15,311,640	\$ (6,408,267)

The increase in assets is primarily the result of the issue of short term debt in 2015-2016 for construction projects, offset by the use of reserves. This issue of short term debt is also the primary increase in current liabilities. Long-term obligations increased as the result of an increase in other postemployment benefits liability in the amount of \$8,516,627.

By far, the largest component of the School District's net position is its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position consists of funds restricted by outside entities or enabling legislation. The remaining balance, unrestricted net position, is a deficit of \$39,941,722. This deficit is primarily the result of the other postemployment benefits liability in the amount of \$49,389,002, offset by net pension assets of \$9,549,520.

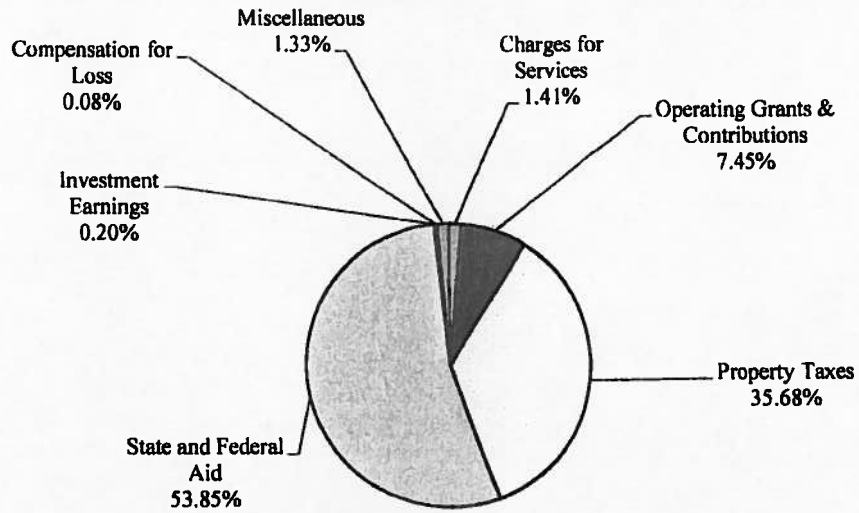
Changes in Net Position

The District's total revenue increased 5.0% to \$48,293,627. State and federal aid (53.9%) and property taxes (35.7%) accounted for the majority of the District's revenue. The remaining (10.4%) of the revenue comes from cafeteria sales, charges for services, investment earnings, compensation for loss, and miscellaneous revenues.

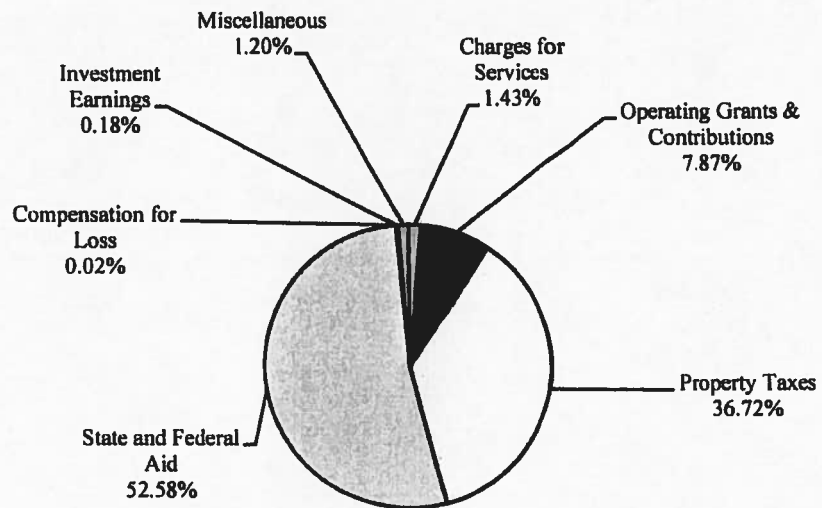
The total cost of all programs and services increased 1.8% to \$54,701,894. The District's expenses are predominately related to education and caring for the students (Instruction - 80.4%). General support, which includes expenses associated with the operation, maintenance and administration of the District, accounted for 10.5% of the total costs. See table below:

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2016</u>	<u>2015</u>	<u>Variance</u>
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Services	\$ 681,626	\$ 655,675	\$ 25,951
Operating Grants & Contributions	3,599,582	3,621,346	(21,764)
Total Program	<u>\$ 4,281,208</u>	<u>\$ 4,277,021</u>	<u>\$ 4,187</u>
<u>General -</u>			
Property Taxes	\$ 17,233,385	\$ 16,890,291	\$ 343,094
State and Federal Aid	26,008,333	24,186,818	1,821,515
Investment Earnings	95,145	84,594	10,551
Compensation for Loss	39,354	11,047	28,307
Miscellaneous	636,202	546,903	89,299
Total General	<u>\$ 44,012,419</u>	<u>\$ 41,719,653</u>	<u>\$ 2,292,766</u>
TOTAL REVENUES	<u>\$ 48,293,627</u>	<u>\$ 45,996,674</u>	<u>\$ 2,296,953</u>
<u>EXPENSES:</u>			
General Support	\$ 5,739,100	\$ 5,145,918	\$ 593,182
Instruction	44,006,125	43,382,644	623,481
Pupil Transportation	2,368,731	2,294,065	74,666
School Lunch	1,584,268	1,460,948	123,320
Interest on Long-Term Debt	1,003,670	1,464,215	(460,545)
TOTAL EXPENSES	<u>\$ 54,701,894</u>	<u>\$ 53,747,790</u>	<u>\$ 954,104</u>
NET (DECREASE) IN NET POSITION	<u>\$ (6,408,267)</u>	<u>\$ (7,751,116)</u>	<u>\$ 1,342,849</u>

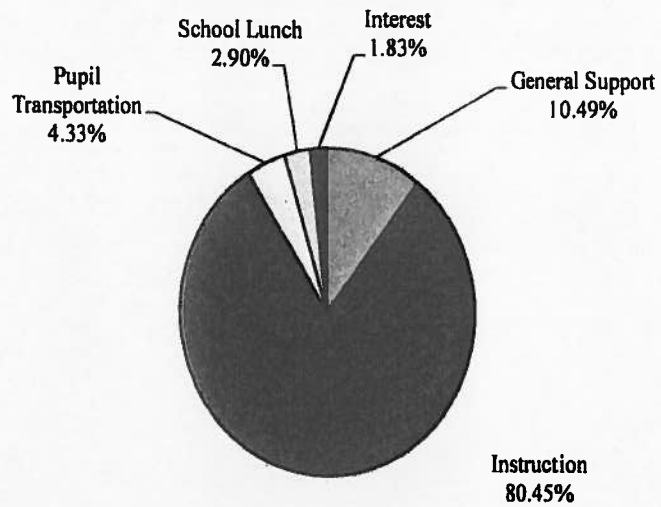
Revenue for 2015-16



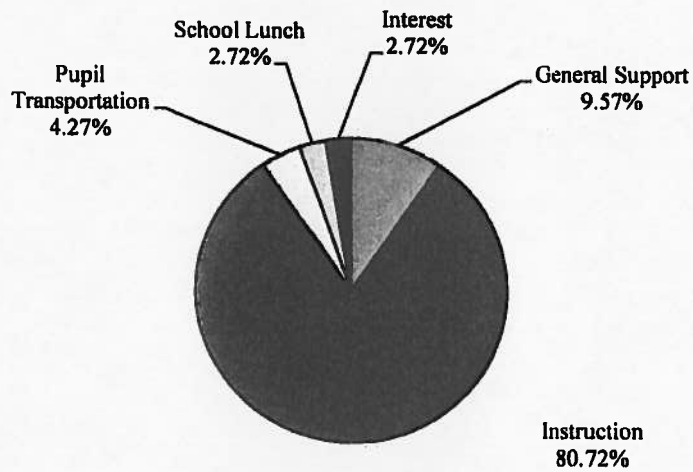
Revenue for 2014-15



Expenditures for 2015-16



Expenditures for 2014-15



Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$10,541,381, which is less than last year's fund balance of \$14,958,025.

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was \$9,636,993. Fund balance for the General Fund decreased by \$1,238,433 compared with the prior year. See table below:

<u>General Fund Balances:</u>	<u>2016</u>	<u>2015</u>	<u>Variance</u>
Restricted	\$ 8,204,454	\$ 9,860,949	\$ (1,656,495)
Assigned	530,621	542,060	(11,439)
Unassigned	901,918	472,417	429,501
Total General Fund Balances	\$ 9,636,993	\$ 10,875,426	\$ (1,238,433)

The District appropriated funds from the following reserves for the 2016-17 budget:

Employee Benefit Accrued Liability	\$ 750,000
Unemployment Insurance	74,561
Tax Certiorari	250,000
Workers' Compensation	240,000
Liability	30,150
Insurance	1,800,000
Repair	82,000
Retirement Contribution	750,000
Total	\$ 3,976,711

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$42,060. This change is attributable to \$42,060 of carryover encumbrances from the 2014-15 school.

The key factors for budget variances in the general fund are listed below along with explanations for each.

Expenditure Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
Programs for Children with Handicapping Conditions	\$268,767	Unforeseen special education BOCES costs
Employee Benefits	(\$452,890)	Decrease in TRS and ERS contribution rates
Interfund Transfers Out	\$192,954	Unforeseen transfer for prior year expenditures and summer school handicap programming

Expenditure Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Central Services	\$357,247	Lower than anticipated electric and natural gas expenses
Teaching-Regular School	\$653,045	Expenditures came in less than budgeted
Programs for Children with Handicapping Conditions	\$612,457	Expenditures came in less than budgeted
Employee Benefits	\$700,993	Insurance costs came in under budget
Debt Service – Principal	\$343,150	Anticipated bond issue did not occur in 15-16

Capital Asset and Debt Administration

Capital Assets

By the end of the 2015-16 fiscal year, the District had invested \$69,376,516 in a broad range of capital assets, including land, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2016</u>	<u>2015</u>
Land	\$ 503,239	\$ 503,239
Work in Progress	42,561,150	39,658,356
Buildings and Improvements	24,728,484	25,731,567
Machinery and Equipment	1,583,643	1,991,591
Total	<u>\$ 69,376,516</u>	<u>\$ 67,884,753</u>

Long-Term Debt

At year end, the District had \$83,716,889 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2016</u>	<u>2015</u>
Serial Bonds	\$ 25,185,000	\$ 27,240,000
Unamortized Bond Premium	3,797,950	4,090,100
Compensated Absences	2,806,903	2,639,943
Net pension liability	2,538,034	528,173
OPEB	49,389,002	40,872,375
Total Long-Term Obligations	<u>\$ 83,716,889</u>	<u>\$ 75,370,591</u>

Factors Bearing on the District's Future

Although the Gap Elimination Adjustment (GEA) was eliminated, Cortland ECSD lost \$9,700,000 in state aid from 2009-2016. This fact, coupled with the Tax levy Limit forced us to rely on reserves as a means to balance our budget. We worked diligently to reduce our dependence on reserves as a revenue source over the past two years. A reduction in TRS and ERS contributions helped to offset the increases in health care and contractual increases.

The District recently settled the teacher's contract and moved from a two-tier to a less expensive three-tier prescription plan resulting in lower cost for both the employee and district.

Due to the inadequate funding and distribution of Foundation Aid we have reallocated available resources to meet students' needs, including curriculum development and professional development for staff.

Our recently completed Building Condition Survey (BCS) identified a need to invest in our infrastructure and maintenance of our buildings. Priority One items will be our focus in a Capital Project proposal in the near future.

Contacting the School District's Financial Management

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. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Cortland Enlarged City School District
1 Valley View Drive
Cortland, New York 13045
Attn: Kimberly Vile
Director of Business Services

CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK

Statement of Net Position

June 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,266,836
Cash and cash equivalents - restricted	6,373,866
Accounts receivable	3,883,628
Prepaid items	8,120
Inventories	44,809
TOTAL CURRENT ASSETS	<u>\$ 12,577,259</u>
NONCURRENT ASSETS	
Cash and cash equivalents - restricted	\$ 9,993,705
Investments - restricted	113,395
Net pension asset - porportionate share	11,490,559
Capital Assets:	
Land	503,239
Work in progress	42,561,150
Other capital assets (net of depreciation)	26,312,127
TOTAL NONCURRENT ASSETS	<u>\$ 90,974,175</u>
TOTAL ASSETS	<u><u>\$ 103,551,434</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>\$ 4,848,514</u>
CURRENT LIABILITIES	
Accounts payable	\$ 2,458,667
Accrued liabilities	53,107
Unearned revenues	52,482
Due to other governments	349
Due to teachers' retirement system	2,466,927
Due to employees' retirement system	201,042
Long-term obligations due in one year	8,886,541
TOTAL CURRENT LIABILITIES	<u>\$ 14,119,115</u>
NONCURRENT LIABILITIES	
Long-term obligations due in more than one year	<u>\$ 81,125,941</u>
TOTAL NONCURRENT LIABILITIES	<u>\$ 81,125,941</u>
TOTAL LIABILITIES	<u><u>\$ 95,245,056</u></u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>\$ 4,251,519</u>
NET POSITION	
Net investment in capital assets	\$ 39,334,059
Restricted For:	
Debt service	1,113,917
Insurance reserve	2,012,487
Reserve for employee retirement system	1,483,450
Capital reserves	1,510,141
Other purposes	3,391,041
Unrestricted	(39,941,722)
TOTAL NET POSITION	<u><u>\$ 8,903,373</u></u>

(See accompanying notes to financial statements)

CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK

Statement of Activities and Changes in Net Position

For Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
				<u>Governmental</u>
				<u>Activities</u>
<u>Primary Government -</u>				
General support	\$ 5,739,100	\$ 1,636		\$ (5,737,464)
Instruction	44,006,125	174,667	2,578,414	(41,253,044)
Pupil transportation	2,368,731	45,758		(2,322,973)
School lunch	1,584,268	459,565	1,021,168	(103,535)
Interest	1,003,670			(1,003,670)
Total Primary Government	\$ 54,701,894	\$ 681,626	\$ 3,599,582	\$ (50,420,686)

General Revenues:

Property taxes and tax items	\$ 17,233,385
State and federal aid	26,008,333
Investment earnings	95,145
Compensation for loss	39,354
Miscellaneous	636,202
Total General Revenues	\$ 44,012,419
Changes in Net Position	\$ (6,408,267)
Net Position, Beginning of Year	15,311,640
Net Position, End of Year	\$ 8,903,373

CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK

**Balance Sheet
Governmental Funds
June 30, 2016**

	General Fund	Special Aid Fund	School Lunch Fund
ASSETS			
Cash and cash equivalents	\$ 1,793,245	\$ (20,681)	\$ 526,859
Cash and cash equivalents - restricted	8,879,788		
Investments - restricted			
Receivables	3,119,325	699,746	64,557
Inventories			44,809
Deferred expenditures			
Due from other funds	647,341	50,477	51,095
TOTAL ASSETS	\$ 14,439,699	\$ 729,542	\$ 687,320
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
<u>Liabilities</u> -			
Accounts payable	\$ 1,338,152	\$ 31,643	\$ 26,677
Accrued liabilities	41,098	7,767	4,242
Due to other funds	95,083	647,545	6,363
Due to other governments			349
Due to TRS	2,466,927		
Due to ERS	201,042		
BANs payable			
Compensated absences	188,799		
Unearned revenue		42,587	9,895
TOTAL LIABILITIES	\$ 4,331,101	\$ 729,542	\$ 47,526
<u>Deferred Inflows</u> -			
Deferred inflows of resources	\$ 471,605		
<u>Fund Balances</u> -			
Nonspendable			\$ 44,809
Restricted	8,204,454		
Assigned	530,621		594,985
Unassigned	901,918		
TOTAL FUND BALANCE	\$ 9,636,993	\$ -	\$ 639,794
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 14,439,699	\$ 729,542	\$ 687,320

<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
1,113,917	6,301,688	39,591	\$ 2,299,423
		113,395	16,334,984
			113,395
			3,883,628
			44,809
	8,120		8,120
	8	512	749,433
<u>\$ 1,113,917</u>	<u>\$ 6,309,816</u>	<u>\$ 153,498</u>	<u>\$ 23,433,792</u>
	\$ 1,059,216	\$ 2,979	\$ 2,458,667
			53,107
		442	749,433
			349
			2,466,927
			201,042
	6,250,000		6,250,000
			188,799
			52,482
<u>\$ -</u>	<u>\$ 7,309,216</u>	<u>\$ 3,421</u>	<u>\$ 12,420,806</u>
			\$ 471,605
		\$ 113,395	\$ 158,204
1,113,917		36,682	9,355,053
	(999,400)		1,125,606
<u>\$ 1,113,917</u>	<u>\$ (999,400)</u>	<u>\$ 150,077</u>	<u>\$ 10,541,381</u>
<u>\$ 1,113,917</u>	<u>\$ 6,309,816</u>	<u>\$ 153,498</u>	

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

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds.

\$ 69,376,516

Taxes receivable is deferred for those amounts collected after ninety (90) days
on fund basis, while those amounts are recorded as revenue on the full
accrual basis.

471,605

Interest is accrued on outstanding bonds in the statement of net position
but not in the funds.

(45,592)

The following long-term obligations are not due and payable in the
current period and therefore are not reported in the governmental funds:

Serial bonds payable

(25,185,000)

OPEB

(49,389,002)

Compensated absences

(2,618,105)

Unamortized bond premium

(3,797,950)

Net pension asset

11,490,559

Deferred outflow - pension

4,848,514

Net pension liability

(2,538,034)

Deferred inflow - pension

(4,251,519)

Net Position of Governmental Activities

\$ 8,903,373

CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds
For Year Ended June 30, 2016

	General Fund	Special Aid Fund	School Lunch Fund
REVENUES			
Real property taxes and tax items	\$ 17,309,645		
Charges for services	221,835		1,100
Use of money and property	73,969		164
Sale of property and compensation for loss	39,354		
Miscellaneous	653,941	10,617	43
State sources	25,929,643	689,653	72,061
Federal sources	78,690	1,840,264	949,064
Sales			458,465
TOTAL REVENUES	\$ 44,307,077	\$ 2,540,534	\$ 1,480,897
EXPENDITURES			
General support	\$ 3,929,930		
Instruction	25,103,320	2,360,745	
Pupil transportation	1,254,156	16,032	
Employee benefits	12,211,727	206,690	345,031
Debt service - principal	2,055,000		
Debt service - interest	1,298,866		
Cost of sales			551,292
Other expenses			510,523
Capital outlay			
TOTAL EXPENDITURES	\$ 45,852,999	\$ 2,583,467	\$ 1,406,846
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,545,922)	\$ (42,933)	\$ 74,051
OTHER FINANCING SOURCES (USES)			
Transfers - in	\$ 500,000	\$ 42,933	
Transfers - out	(192,511)		
TOTAL OTHER FINANCING SOURCES (USES)	\$ 307,489	\$ 42,933	\$ -
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ (1,238,433)	\$ -	\$ 74,051
FUND BALANCE, BEGINNING OF YEAR	10,875,426		565,743
FUND BALANCE, END OF YEAR	\$ 9,636,993	\$ -	\$ 639,794

(See accompanying notes to financial statements)

<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
			\$ 17,309,645
			222,935
1,052		20,186	95,371
			39,354
		20,141	684,742
			26,691,357
			2,868,018
			458,465
<u>\$ 1,052</u>	<u>\$ -</u>	<u>\$ 40,327</u>	<u>\$ 48,369,887</u>
			\$ 3,929,930
		28,014	27,492,079
			1,270,188
			12,763,448
			2,055,000
			1,298,866
			551,292
			510,523
	2,915,205		2,915,205
<u>\$ -</u>	<u>\$ 2,915,205</u>	<u>\$ 28,014</u>	<u>\$ 52,786,531</u>
<u>\$ 1,052</u>	<u>\$ (2,915,205)</u>	<u>\$ 12,313</u>	<u>\$ (4,416,644)</u>
	\$ 113,588	\$ 35,990	\$ 692,511
(500,000)			(692,511)
<u>\$ (500,000)</u>	<u>\$ 113,588</u>	<u>\$ 35,990</u>	<u>\$ -</u>
\$ (498,948)	\$ (2,801,617)	\$ 48,303	\$ (4,416,644)
1,612,865	1,802,217	101,774	14,958,025
<u>\$ 1,113,917</u>	<u>\$ (999,400)</u>	<u>\$ 150,077</u>	<u>\$ 10,541,381</u>

CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For Year Ended June 30, 2016

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS

\$ (4,416,644)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets exceeded depreciation in the current period:

Capital Outlay	\$ 2,902,794	
Additions to Assets, Net	(7,371)	
Depreciation	<u>(1,403,660)</u>	
		1,491,763

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	2,055,000
-----------------	-----------

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	3,046
--	-------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(76,261)
---	----------

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(8,516,627)
---	-------------

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System	3,083,167
Employees' Retirement System	(189,713)

Portion of Bond Premium recognized this year	292,150
--	---------

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences	<u>(134,148)</u>
----------------------	------------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (6,408,267)

CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2016

	Private Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents - restricted	\$ 121,261	\$ 1,162,610
Investments - restricted		30,347
Receivable from general fund		370,022
TOTAL ASSETS	\$ 121,261	\$ 1,562,979
LIABILITIES		
Accounts payable		\$ 1,898
Extraclassroom activity balances		181,379
Other liabilities		1,379,702
TOTAL LIABILITIES	\$ -	\$ 1,562,979
NET POSITION		
Restricted for scholarships	\$ 121,261	
TOTAL NET POSITION	\$ 121,261	

Statement of Changes in Fiduciary Net Position For the Year Ended June 30, 2016

	Private Purpose Trust
ADDITIONS	
Contributions	\$ 11,250
Investment earnings	25
TOTAL ADDITIONS	\$ 11,275
DEDUCTIONS	
Scholarships and donations	\$ 7,445
TOTAL DEDUCTIONS	\$ 7,445
CHANGE IN NET POSITION	\$ 3,830
NET POSITION, BEGINNING OF YEAR	117,431
NET POSITION, END OF YEAR	\$ 121,261

CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2016

I. Summary of Significant Accounting Policies

The financial statements of the Cortland Enlarged City School District, New York (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The Cortland Enlarged City School 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 seven 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 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. 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 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 review of certain entities included in the District's reporting entity.

1. 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 agency for various student organizations in an agency fund.

B. Joint Venture

The District is a component of Onondaga-Cortland-Madison Board of Cooperative Educational Services (BOCES). The 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 school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$6,350,916 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,959,124.

Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation

1. Districtwide 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 minimize the double counting of 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.

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 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.

2. **Fund Statements**

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

The District reports the following governmental funds:

a. **Major Governmental Funds**

General Fund - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

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.

School Lunch Fund - Used to account for transactions of the District's lunch, breakfast and milk programs.

Debt Service Fund - This fund accounts for the accumulation of resources and the payment of principle and interest on long-term obligations for governmental activities.

Capital Project Fund - Used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

b. **Nonmajor Governmental** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

Miscellaneous Special Revenue Fund - This fund accounts for and reports those revenues that are restricted or committed to expenditures for specified purposes.

Permanent Fund – Used to account for and report resources that are legally restricted to the extent that earnings, not principle, may be used for purposes that benefit the District.

- c. **Fiduciary** - Fiduciary activities are those 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 principle and income benefit 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.

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. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis revenue from property taxes is recognized in the fiscal year 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 financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measureable 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.

Expenditures are recorded when the related fund liability is incurred, except for principle 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.

(I.) (Continued)

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than August 1, and became a lien on July 7, 2015. Taxes are collected during the period August 1 to February 28.

The City of Cortland and Counties of Cortland and Tompkins, in which the District is located, enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the Counties and City to the District within two years from the return of unpaid taxes to the Counties and City. Real property taxes receivable expected to be collected within 60 days of year-end, less similar amounts collected during this period in the preceding year are recognized as revenues. Otherwise, deferred revenues offset real property taxes receivable.

F. 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.

G. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowing. 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 expenditures 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.

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 VI for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H. Estimates

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

(I.) (Continued)

I. Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

New York State Law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

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

Investments are stated at fair value.

J. 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.

K. Inventory and Prepaid Items

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

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A non-spendable fund balance for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L. Capital Assets

In the District-wide financial statements, capital assets are accounted for at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

(I.) (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	25-50 Years
Improvements	\$ 5,000	SL	20-50 Years
Machinery & Equipment	\$ 1,000	SL	3-20 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

M. Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

N. Deferred Outflows and Inflows of Resources

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

(I.) (Continued)

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

O. Vested Employee Benefits

1. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation.

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

Certain 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 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination 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.

(I.) (Continued)

P. 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 post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become 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 post-retirement benefits may be 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.

Q. 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, other postemployment benefits payable 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.

R. Unamortized Bond Premiums

Bond premiums are amortized over the term of the respective bond issues for the Governmental activities on the full accrual basis. In the governmental funds, bond premiums are reported in the Debt Service fund as revenue in the year that the bonds are issued.

S. Short-Term Debt

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 a BAN issued for capital purposes be converted to long-term financing within five years after the original issue date.

T. **Equity Classifications**

1. **District-Wide Statements**

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

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

On the Statement of Net Position the following balances represent the restricted for other purposes:

	<u>Total</u>
Workers' Compensation	\$ 576,892
Unemployment	347,224
Tax Certiorari	811,894
Repair	466,545
Liability	30,126
Employee Benefits Accrued Liability	965,696
Permanent Fund	116,511
Special Aid	42,587
Miscellaneous Special Revenue	<u>33,566</u>
Total Net Position - Restricted for Other Purposes	<u>\$ 3,391,041</u>

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

2. **Fund Statements**

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

- a. **Nonspendable Fund Balance** - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance consists of \$44,809 for inventory in the school lunch fund and \$113,395 of endowment principle in the permanent fund.

- b. **Restricted Fund Balances** – 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. All encumbrances of funds other than the general fund are classified as restricted fund balance. The District has established the following restricted fund balances:

Capital Reserve - According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The Reserve is accounted for in the General Fund under restricted fund balance.

Reserve for Debt Service - According to General Municipal Law §6-1, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

Employee Benefit Accrued Liability Reserve - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to 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.

Insurance Reserve - According to General Municipal Law §6-n, must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriation, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

Liability Reserve - According to General Municipal Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

Repair Reserve - According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

Retirement Contribution Reserve - According to General Municipal Law §6-r, must be used 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.

Tax Certiorari Reserve - According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari claims and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeding in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

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 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.

(I.) (Continued)

Workers' Compensation Reserve - According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. 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.

Restricted fund balances include the following:

General Fund -

Capital	\$ 1,510,141
Employee Benefit Accrued Liability	965,696
Insurance	2,012,487
Liability	30,126
Repairs	466,545
Retirement Contribution	1,483,449
Tax Certiorari	811,894
Unemployment Insurance	347,224
Workers' Compensation	576,892

Miscellaneous Special Revenue Fund -

Fund Balance	33,566
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Permanent Fund -

Fund Balance	3,116
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Debt Service Fund -

Debt Service	1,113,917
Total Restricted Funds	<u>\$ 9,355,053</u>

The District appropriated and/or budgeted funds from the following reserves for the 2016-17 budget:

Employee Benefit Accrued Liability	\$ 750,000
Unemployment Insurance	74,561
Tax Certiorari	250,000
Workers' Compensation	240,000
Liability	30,150
Insurance	1,800,000
Repair	82,000
Retirement Contribution	750,000
Total	<u>\$ 3,976,711</u>

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

- d. **Assigned Fund Balance** – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year end. The District assignment is based on the functional level of expenditures.

Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund and the School Lunch Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Assigned fund balances include the following:

General Fund-Encumbrances	\$ 30,621
General Fund-Appropriated for Taxes	500,000
School Lunch Fund-Year End Equity	594,985
Total Assigned Fund Balance	<u>\$ 1,125,606</u>

- e. **Unassigned Fund Balance** –Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the school district.

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.

3. **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. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, the remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

(I.) (Continued)

U. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2016, the District implemented the following new standards issued by GASB:

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

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

V. Future Changes in Accounting Standards

The GASB has issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 57, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which will be effective for the year ended June 30, 2017.

The GASB has issued Statement No. 77, *Tax Abatement Disclosures*, which will be effective for the year ended June 30, 2017.

The GASB has issued Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*, which will be effective for the year ended June 30, 2017.

The GASB has issued Statement No. 82, *Pension Issues-an amendment of GASB No. 67, No. 68, and No. 73*, which will be effective for the year ended June 30, 2017.

GASB has issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement 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.

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.

II. Stewardship, Compliance and Accountability

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

(II.) (Continued)

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

Appropriations are adopted at the program line item level.

Appropriations established by 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 restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. No supplemental appropriations were made during the 2015-2016 fiscal year.

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

Budgets are established and used for individual capital projects fund expenditures as approved by a special referendum of 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.

B. 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.

C. Deficit Net Position

The District-wide net position had a deficit at June 30, 2016 of \$39,941,722. The deficit is the result of the implementation of GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", which required the recognition of an unfunded liability of \$49,389,002 at June 30, 2016. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

(II.) (Continued)

D. Deficit Fund Balance

Capital Projects Fund

The Capital Projects Fund had a deficit undesignated fund balance of (\$999,400) at June 30, 2016, which is a result of bond anticipation notes which are used as a temporary means of financing capital projects. These proceeds are not recognized as revenue but merely serve to provide cash to meet expenditures. This results in the creation of a fund deficit which will remain until the notes are replaced by permanent financing (i.e., bonds, grants-in-aid, or redemption from current appropriations).

III. Cash and Cash Equivalents

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.

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	-0-
Collateralized with securities held by the pledging financial institution	18,978,089
Collateralized within Trust department or agent	-0-
Total	<u>\$ 18,978,089</u>

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end includes \$16,367,571 within the governmental funds and \$1,283,871 in the fiduciary funds.

IV. Investments

The District has few investments (primarily donated scholarship funds), and chooses to disclose its investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

- A. Insured or registered, or investments held by the District or by the District's agent in the District's name, or
- B. Uninsured and unregistered, with the investments held by the financial institutes trust department in the District's name, or
- C. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District's name.

(IV.) (Continued)

<u>Investment</u>	<u>Fund</u>	<u>Carrying Amount</u>	<u>Investment Gain/(Loss)</u>	<u>Type of Investment</u>	<u>Category</u>
Certificate of Deposit	Agency	\$ 30,347	\$ 227	Certificate of Deposit	(1)
Aqua America, Inc.	Permanent	\$ 4,576	\$ 18,603	650 Shares of Stock	(1)
Techne Corp.	Permanent	\$ 12,700	\$ 77,516	800 Shares of Stock	(1)

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk.

V. Receivables

Receivables at June 30, 2016 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Funds</u>	
Accounts Receivable	\$ 58,492	\$ 45,952	\$ 4,743	\$ 109,187
Due From State and Federal	2,325,935	653,794	59,814	3,039,543
Due From Other Governments	171,013			171,013
Overdue Taxes	563,885			563,885
Total	\$ 3,119,325	\$ 699,746	\$ 64,557	\$ 3,883,628

District management has deemed the amounts to be fully collectible.

VI. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2016 were as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 647,341	\$ 95,083	\$ 500,000	\$ 192,511
Special Aid Fund	50,477	647,545	42,933	
School Lunch Fund	51,095	6,363		
Debt Service Fund				500,000
Capital Fund	8		113,588	
Misc. Special Revenue	512	442	35,990	
Total government activities	\$ 749,433	\$ 749,433	\$ 692,511	\$ 692,511

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

(VI.) (Continued)

Transfers are used to finance certain special aid programs, support capital project expenditures, school lunch programs and debt service expenditures.

VII. Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance</u> <u>7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2016</u>
<u>Governmental Activities:</u>				
<u>Capital assets that are not depreciated -</u>				
Land	\$ 503,239			\$ 503,239
Work in progress	39,658,356	2,902,794		42,561,150
<i>Total Nondepreciable</i>	<u>\$ 40,161,595</u>	<u>2,902,794</u>	<u>-</u>	<u>\$ 43,064,389</u>
<u>Capital assets that are depreciated -</u>				
Buildings and improvements	\$ 53,135,407	21,978		\$ 53,157,385
Machinery and equipment	5,438,481	53,996	(655,973)	4,836,504
<i>Total Depreciated Assets</i>	<u>\$ 58,573,888</u>	<u>75,974</u>	<u>(655,973)</u>	<u>\$ 57,993,889</u>
<u>Less accumulated depreciation -</u>				
Buildings and improvements	\$ 27,403,840	1,025,061		\$ 28,428,901
Machinery and equipment	3,446,890	378,599	(572,628)	3,252,861
<i>Total accumulated depreciation</i>	<u>\$ 30,850,730</u>	<u>1,403,660</u>	<u>(572,628)</u>	<u>\$ 31,681,762</u>
<i>Total capital assets depreciated, net of accumulated depreciation</i>	<u>\$ 27,723,158</u>	<u>(1,327,686)</u>	<u>(83,345)</u>	<u>\$ 26,312,127</u>
Total Capital Assets	<u><u>\$ 67,884,753</u></u>	<u><u>\$ 1,575,108</u></u>	<u><u>\$ (83,345)</u></u>	<u><u>\$ 69,376,516</u></u>

Depreciation expense for the period was charged to functions/programs as follows:

<u>Governmental Activities:</u>	
General government support	\$ 53,586
Instruction	1,164,450
Pupil transportation	168,321
School lunch	17,303
Total Depreciation Expense	<u><u>\$ 1,403,660</u></u>

VIII. Short-Term Debt

Transactions in short-term debt for the year are summarized below:

<u>Type</u>	<u>Purpose</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2015</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance 6/30/2016</u>
BAN	Construction	2017	1.01%		6,250,000		6,250,000
	Total Short-Term Debt			<u>\$ -0-</u>	<u>6,250,000</u>	<u>\$ -0-</u>	<u>6,250,000</u>

A summary of the short-term interest expense for the year is as follows:

Interest paid	\$ -0-
<u>Plus: interest accrued in the current year</u>	<u>1,211</u>
Total interest expense	<u>\$ 1,211</u>

IX. Long-Term Debt Obligations

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

<u>Governmental Activities:</u>	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/2016</u>	<u>One Year</u>
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 27,240,000		\$ 2,055,000	\$ 25,185,000	\$ 2,110,000
Unamortized Bond Premium	4,090,100		292,150	3,797,950	292,150
Total Bonds and Notes Payable	\$ 31,330,100	\$ -	\$ 2,347,150	\$ 28,982,950	\$ 2,402,150
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 528,173	\$ 2,009,861		\$ 2,538,034	\$ -0-
OPEB	40,872,375	8,516,627		49,389,002	-0-
Compensated Absences	2,639,943	\$ 166,961		\$ 2,806,904	\$ 188,799
Total Other Liabilities	\$ 44,040,491	\$ 10,693,449	\$ -	\$ 54,733,940	\$ 188,799
Total Long-Term Obligations	\$ 75,370,591	\$ 10,693,449	\$ 2,347,150	\$ 83,716,890	\$ 2,590,949

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

(IX.) (Continued)

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2016</u>
Serial Bonds -				
Buses	2012	2018	1.25-2%	215,000
Buses	2013	2019	1.625-2%	340,000
Construction	2014	2029	2-5%	3,020,000
Construction	2014	2026	2-5%	21,610,000
Total Serial Bonds				<u>\$ 25,185,000</u>

The following is a summary of debt service requirements:

	<u>Serial Bonds</u>	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,110,000	\$ 1,221,235
2018	2,210,000	1,140,943
2019	2,210,000	1,038,250
2020	2,185,000	932,750
2021	2,290,000	823,500
2022-2026	13,305,000	2,279,750
2027-2029	875,000	88,750
Total	<u>\$ 25,185,000</u>	<u>\$ 7,525,178</u>

Bond premiums associated with DASNY construction bonds issued during 2014 totaled \$4,382,250. These premiums are amortized over the life of the bonds (15 years) starting in the year ended June 30, 2016. Unamortized bond premiums at June 30, 2016 totaled \$3,797,950.

Interest on long-term debt for June 30, 2016 was composed of:

Interest paid	\$ 1,298,866
<u>Less:</u> interest accrued in the prior year	(48,638)
Bond premium amortization	(292,150)
<u>Plus:</u> interest accrued in the current year	44,381
Total interest expense	<u>\$ 1,002,459</u>

X. Deferred Inflows of Resources

The following is a summary of the deferred inflows of resources:

	<u>Balance</u> <u>7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2016</u>
Items related to the Teachers'				
Retirement System	\$ 8,553,307	\$ -	\$ 4,301,788	4,251,519
Total Deferred Inflows of Resources	<u>\$ 8,553,307</u>	<u>\$ -</u>	<u>\$ 4,301,788</u>	<u>\$ 4,251,519</u>

XI. Pension Plans

A. General Information

New York State Employees' Retirement System (NYSERS), and the New York State Teachers' Retirement System (NYSTRS).

B. Provisions and Administration

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. 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. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report and/or the Report on the Schedule of Employer Allocations and Schedules of Pension Amounts by Employer, which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer 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 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, and the Report on the Schedule of Employer Allocations and Schedules of Pension Amounts by Employer may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

C. Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, 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. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

	<u>ERS</u>	<u>TRS</u>
2016	\$ 767,850	\$ 2,913,063
2015	\$ 791,786	\$ 2,685,851
2014	\$ 845,373	\$ 2,072,990

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2016, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2016 for ERS and June 30, 2014 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined.

(XI.) (Continued)

Actuarial valuation date	March 31, 2016	June 30, 2014
Net pension assets/(liability)	\$ (2,538,034)	\$ 11,490,559
District's portion of the Plan's total net pension asset/(liability)	0.02%	0.11%

For the year ended June 30, 2016, the District recognized pension expenses of \$767,850 for ERS and \$2,913,063 for TRS. At June 30, 2016 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expensed and actual experience	\$ 12,825	\$ -	\$ 300,842	\$ 318,452
Changes of assumptions	676,817	-	-	-
Net difference between projected and actual earnings on pension plan investments	1,505,701	-	-	3,632,225
Changes in proportion and differences between the District's contributions and proportionate share of contributions	84,206	40,157	-	-
Subtotal	\$ 2,279,549	\$ 40,157	\$ 300,842	\$ 3,950,677
District's contributions subsequent to the measurement date	201,042	2,327,766	-	-
Grand Total	<u>\$ 2,480,591</u>	<u>\$ 2,367,923</u>	<u>\$ 300,842</u>	<u>\$ 3,950,677</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability starting in the 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:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2016	\$ 502,575	\$ (1,460,443)
2017	502,575	(1,460,443)
2018	502,575	(1,460,443)
2019	502,575	608,631
2020	470,052	(35,118)
Thereafter		(102,704)
Total	<u>\$ 2,480,352</u>	<u>\$ (3,910,520)</u>

(XI.) (Continued)

E. 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 valuations used the following actuarial assumptions:

Measurement date	March 31, 2016	June 30, 2015
Actuarial valuation date	April 1, 2015	June 30, 2014
Interest rate	7.00%	8.00%
Salary scale	3.80%	4.01%-10.91%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2005- June 30, 2010 System's Experience
Inflation rate	2.50%	3.00%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2016. For TRS, 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.

For ERS, 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. For TRS, the actuarial assumptions used in the June 30, 2014 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

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

(XI.) (Continued)

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2015	June 30, 2014
<u>Asset Type -</u>		
Cash	2.25%	0.00%
Inflation-index bonds	4.00%	0.00%
Domestic equity	7.30%	6.50%
International equity	8.55%	7.70%
Real estate	8.25%	4.60%
Alternative investments	0.00%	9.90%
Domestic fixed income securities	0.00%	2.10%
Global fixed income securities	0.00%	1.90%
Bonds/mortgages	4.00%	3.40%
Short-term	0.00%	1.20%
Private equity	11.00%	-
Absolute return strategies	6.75%	-
Opportunistic portfolios	8.60%	-
Real assets	8.65%	-

F. Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and 8% for TRS. 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 Systems' 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.

G. 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% for ERS and 8.0% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.0% for ERS and 7.0% for TRS) or 1-percentagepoint higher (8.0% for ERS and 9.0% for TRS) than the current rate :

(XI.) (Continued)

	1% Decrease	Current	1% Increase
<u>ERS</u>	<u>(6.0%)</u>	<u>Assumption</u>	<u>(8.0%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (5,723,083)	\$ (2,538,034)	\$ 153,196

	1% Decrease	Current	1% Increase
<u>TRS</u>	<u>(7.0%)</u>	<u>Assumption</u>	<u>(9.0%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (783,804)	\$ 11,490,559	\$ 21,958,013

H. Pension Plan Fiduciary Net Position

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Valuation date	April 1, 2015	June 30, 2014	
Employers' total pension liability	\$ 172,303,544	\$99,332,103,743	\$99,504,407,287
Plan net position	156,253,265	109,718,916,659	109,875,169,924
Employers' net pension asset/(liability)	<u>\$ (16,050,279)</u>	<u>\$10,386,812,916</u>	<u>\$10,370,762,637</u>
Ration of plan net position to the employers' total pension asset/(liability)	90.70%	110.46%	

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of 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 \$201,042.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2016 are paid to the System in September, October and November 2016 through a state aid intercept. Accrued retirement contributions as of June 30, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 based on paid TRS wages multiplied by the 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 \$2,327,766.

XII. Postemployment Benefits

The District provides postemployment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

The District implemented GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the school year ended June 30, 2009. This required the District to calculate and record a net other postemployment benefit obligation at year end. The net other postemployment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the general fund of the funds financial statements as payments are made. For the year ended June 30, 2016 the District recognized \$1,994,254 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of June 30, 2015 which indicates that the total liability for other postemployment benefits is \$95,596,972.

Annual OPEB Cost and Net OPEB Obligation - The District's annual other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation by governmental activities:

Annual required contribution	\$ 11,475,858
Interest on net OPEB obligation	1,634,895
Adjustment to annual required contribution	<u>(2,645,270)</u>
Annual OPEB cost (expense)	\$ 10,465,483
Contributions made	<u>(1,948,856)</u>
Increase in net OPEB obligation	\$ 8,516,627
Net OPEB obligation - beginning of year	<u>40,872,375</u>
Net OPEB obligation - end of year	<u><u>\$ 49,389,002</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year end 2016 and the two preceding years were as follows:

(XII.) (Continued)

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2016	\$ 10,465,483	18.62%	\$ 49,389,002
6/30/2015	\$ 9,930,297	18.50%	\$ 40,872,375
6/30/2014	\$ 9,365,536	19.13%	\$ 32,779,099

Funded Status and Funding Progress - As of June 30, 2015, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$95,596,972, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability of \$95,596,972. The covered payroll (annual payroll of active employees covered by the plan) was \$21,850,735, and the ratio of the UAAL to the covered payroll was 437.5%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the June 30, 2015 actuarial valuation, the Projected Unit Credit method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7% initially, reduced by decrements to an ultimate rate of 4.2% after 69 years. Both rates included a 2.9% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016, was 23 years.

XIII. Risk Management

A. General Information

The District is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. 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.

(XIII.) (Continued)

B. Health Insurance

The District participates in the BOCES sponsored Cooperative Health Insurance Fund of Central New York, a non-risk-retained public entity risk pool for its employees health insurance coverage. The pool is operated for the benefit of the 25 individual governmental units located within the pool's geographic area. The District pays an annual premium to the Plan for this health insurance coverage. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

C. Workers' Compensation

The District is a member of the Onondaga-Cortland-Madison Workers' Consortium (the Plan). Current membership of the Plan includes participants from various municipal entities. The Plan is administered by Onondaga-Cortland-Madison BOCES and utilizes a third party administrator who is responsible for processing claims, estimating liabilities and providing actuarial services. The Plan participants are charged an annual assessment which is allocated in light of comparative experience and relative exposure based on the estimated total liability of the participating members actuarially computed each year.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the period in which they are made. During the year ended June 30, 2016, the District incurred premiums or contribution expenditures totaling \$193,062.

D. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2015-16 fiscal year totaled \$13,593. The balance of the reserve at June 30, 2016 was \$347,224 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2016, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XIV. Commitments and Contingencies

A. Litigation

There is no litigation pending against the District as of the balance sheet date.

(XIV.) (Continued)

B. 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 years' experience, the District's administration believes disallowances, if any, will be immaterial.

XV. Lease Commitments and Leased Assets

The District leases buses under the terms of four lease financing agreements. The District has the option to take title to the buses at the end of the lease, or continue or cancel the lease. Payments are for five years at an interest rate of 2.3% and 2.7% with a residual payment if the District decides to take title to the equipment. At June 30, 2016, the District does not plan on taking title to the buses at lease end. Lease expense for the year ended June 30, 2016 buses was \$168,411.

Minimum annual lease payments for each of the remaining years of the lease are as follows:

Year Ending	
<u>June 30,</u>	<u>Amount</u>
2017	\$ 168,411
2018	\$ 168,411
2019	\$ 168,411
2020	\$ 90,123
Residual	\$ 363,500

XVI. Subsequent Event

On July 28, 2016 the District issued bonds in the amount of \$711,000 for the purchase of buses at a rate of 1.6% - 1.75% and total cost of \$746,485 over five years.

XVII. Donor-Restricted Endowments

The District administers endowment funds, which are restricted by the donor for the purposes of District libraries.

Donor-restricted endowments are reported at fair value. The amount of net appreciation on investments of donor-restricted endowments that is available for authorization for expenditures by the District is \$99,235.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

Required Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK

Schedule of Funding Progress
of Post Employment Benefit Plan
(Unaudited)

For Year Ended June 30, 2016

Actuarial				(4)		(6)
Valuation	(1)	(2)	(3)	Unfunded	(5)	UAAL
Date	Actuarial	Actuarial	Funded	Accrued	Active	As a
June 30,	Value of	Liability	Ratio	Liability	Members	Percentage
	Assets	(AAL)	(1)/(2)	(UAAL)	Covered	of Covered
				(2) - (1)	Payroll	(4) / (5)
2016	\$ -	\$ 95,596,972	0.00%	\$ 95,596,972	\$ 21,850,735	437.50%
2015	\$ -	\$ 89,025,552	0.00%	\$ 89,025,552	\$ 22,115,025	402.56%
2014	\$ -	\$ 86,780,961	0.00%	\$ 86,780,961	\$ 21,450,388	404.57%
2013	\$ -	\$ 81,063,428	0.00%	\$ 81,063,428	\$ 20,625,424	393.03%
2012	\$ -	\$ 65,900,601	0.00%	\$ 65,900,601	\$ 20,217,636	325.96%
2011	\$ -	\$ 61,898,974	0.00%	\$ 61,898,974	\$ 19,906,190	310.95%
2010	\$ -	\$ 46,440,142	0.00%	\$ 46,440,142	\$ 21,954,633	211.53%
2009	\$ -	\$ 43,469,010	0.00%	\$ 43,469,010	\$ 21,570,434	201.52%

Required Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability
(Unaudited)
For Year Ended June 30, 2016

NYSERS Pension Plan		
	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0158%	0.0156%
Proportionate share of the net pension liability (assets)	\$ 2,538,034	\$ 428,173
Covered-employee payroll	\$ 4,416,615	\$ 4,196,188
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	57.466%	12.587%
Plan fiduciary net position as a percentage of the total pension liability	90.70%	97.90%
NYSTRS Pension Plan		
	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.1106%	0.1119%
Proportionate share of the net pension liability (assets)	\$ (11,490,559)	\$ (12,464,165)
Covered-employee payroll	\$ 17,551,132	\$ 16,808,753
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	65.469%	74.153%
Plan fiduciary net position as a percentage of the total pension liability	110.46%	111.48%

Required Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Schedule of District Contributions
(Unaudited)
For Year Ended June 30, 2016

NYSERS Pension Plan Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 767,850	\$ 791,786
Contributions in relation to the contractually required contribution	<u>(767,850)</u>	<u>(791,786)</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
Covered-employee payroll	\$ 4,416,615	\$ 4,196,188
Contributions as a percentage of covered-employee payroll	17.39%	18.87%

NYSTRS Pension Plan Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,913,063	\$ 2,685,851
Contributions in relation to the contractually required contribution	<u>(2,913,063)</u>	<u>(2,685,851)</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
Covered-employee payroll	\$ 17,551,132	\$ 16,808,753
Contributions as a percentage of covered-employee payroll	16.60%	15.98%

Required Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
(Unaudited)
For Year Ended June 30, 2016

	Original <u>Budget</u>	Amended <u>Budget</u>	Current Year's <u>Revenues</u>	Over (Under) Revised <u>Budget</u>
REVENUES				
Local Sources -				
Real property taxes and tax items	\$ 17,246,932	\$ 17,246,932	\$ 17,309,645	\$ 62,713
Charges for services	158,785	158,785	221,835	63,050
Use of money and property	54,750	54,750	73,969	19,219
Sale of property and compensation for loss	6,500	6,500	39,354	32,854
Miscellaneous	599,003	599,003	653,941	54,938
State Sources -				
Basic formula	15,077,280	15,077,280	14,746,320	(330,960)
Excess cost aid	4,606,106	4,606,106	4,851,993	245,887
Lottery aid	3,910,133	3,910,133	3,953,621	43,488
BOCES	1,945,017	1,945,017	1,919,409	(25,608)
Textbooks	164,381	164,381	161,411	(2,970)
All Other Aid -				
Computer software	90,000	90,000	95,876	5,876
Library loan	18,000	18,000	18,100	100
Other aid	75,000	75,000	182,913	107,913
Federal Sources	<u>125,000</u>	<u>125,000</u>	<u>78,690</u>	<u>(46,310)</u>
TOTAL REVENUES	<u>\$ 44,076,887</u>	<u>\$ 44,076,887</u>	<u>\$ 44,307,077</u>	<u>\$ 230,190</u>
Other Sources -				
Transfer - in	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 44,576,887</u>	<u>\$ 44,576,887</u>	<u>\$ 44,807,077</u>	<u>\$ 230,190</u>
Appropriated reserves	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>		
Appropriated fund balance	<u>\$ 500,000</u>	<u>\$ 500,000</u>		
Prior year encumbrances		<u>\$ 42,060</u>		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	<u>\$ 49,576,887</u>	<u>\$ 49,618,947</u>		

(See Independent Auditors' Report)

Required Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
(Unaudited)
For Year Ended June 30, 2016

	Original <u>Budget</u>	Amended <u>Budget</u>	Current Year's <u>Expenditures</u>	<u>Encumbrances</u>	Unencumbered <u>Balances</u>
EXPENDITURES					
General Support -					
Board of education	\$ 35,204	\$ 36,233	\$ 14,665	\$ 5,561	\$ 16,007
Central administration	269,411	243,600	216,207	940	26,453
Finance	579,704	642,479	522,020		120,459
Staff	161,452	161,497	128,496		33,001
Central services	2,921,085	3,015,807	2,657,260	1,300	357,247
Special items	421,700	419,900	391,282		28,618
Instructional -					
Instruction, administration and improvement	2,154,316	1,956,677	1,785,410		171,267
Teaching - regular school	12,617,222	12,482,252	11,820,561	8,646	653,045
Programs for children with handicapping conditions	6,318,031	6,586,798	5,968,972	5,369	612,457
Occupational education	925,114	925,114	925,114		-
Teaching - special schools	218,368	259,303	226,368		32,935
Instructional media	2,037,653	2,165,703	2,081,005	5,965	78,733
Pupil services	2,427,464	2,497,527	2,295,890	1,700	199,937
Pupil Transportation	1,427,537	1,423,367	1,254,156	1,140	168,071
Employee Benefits	13,365,610	12,912,720	12,211,727		700,993
Debt service - principal	2,505,000	2,398,150	2,055,000		343,150
Debt service - interest	1,192,016	1,298,866	1,298,866		-
TOTAL EXPENDITURES	\$ 49,576,887	\$ 49,425,993	\$ 45,852,999	\$ 30,621	\$ 3,542,373
Other Uses -					
Transfers - out		\$ 192,954	\$ 192,511		\$ 443
TOTAL EXPENDITURES AND OTHER USES	\$ 49,576,887	\$ 49,618,947	\$ 46,045,510	\$ 30,621	\$ 3,542,816
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES			\$ (1,238,433)		
FUND BALANCE, BEGINNING OF YEAR			10,875,426		
FUND BALANCE, END OF YEAR			\$ 9,636,993		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule

Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Schedule of Change From Adopted Budget To Final Budget
And The Real Property Tax Limit
For Year Ended June 30, 2016

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget	\$ 49,576,887
Prior year's encumbrances	<u>42,060</u>
FINAL BUDGET	<u>\$ 49,618,947</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2016-17 voter approved expenditure budget	\$ 49,576,887
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Unrestricted fund balance:

Assigned fund balance	\$ 530,621
Unassigned fund balance	<u>901,918</u>
Total Unrestricted fund balance	<u>\$ 1,432,539</u>

Less adjustments:

Appropriated fund balance	\$ 500,000
Encumbrances included in assigned fund balance	<u>30,621</u>
Total adjustments	<u>\$ 530,621</u>

General fund fund balance subject to Section 1318 of Real Property Tax Law	<u>901,918</u>
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ACTUAL PERCENTAGE	<u>1.82%</u>
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Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
CAPITAL PROJECTS FUND
Schedule of Project Expenditures
June 30, 2016

Project Title	Expenditures				Methods of Financing						Fund Balance	
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Obligations	Local Sources	State Sources	Transfers		Total
District-wide Energy Performance Contract	\$ 6,250,000	\$ 6,250,000	\$ 3,106	\$ 1,056,401	\$ 1,059,507	\$ 5,190,493					\$ -	\$ (1,059,507)
District-wide Capital Improvement Project	41,640,000	41,890,000	40,031,473	1,858,804	41,890,277	(277)	31,850,000	7,550,000	2,436,796	113,588	41,950,384	60,107
TOTAL	\$ 47,890,000	\$ 48,140,000	\$ 40,034,579	\$ 2,915,205	\$ 42,949,784	\$ 5,190,216	\$ 31,850,000	\$ 7,550,000	\$ 2,436,796	\$ 113,588	\$ 41,950,384	\$ (999,400)

Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Combined Balance Sheet - Nonmajor Governmental Funds
June 30, 2016

	Miscellaneous		Total
	Special		Nonmajor
	Revenue	Permanent	Governmental
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS			
Cash and cash equivalents - restricted	\$ 36,475	\$ 3,116	\$ 39,591
Due from other funds	512		512
Investments		113,395	113,395
TOTAL ASSETS	<u>\$ 36,987</u>	<u>\$ 116,511</u>	<u>\$ 153,498</u>
LIABILITIES AND FUND BALANCES			
<u>Liabilities</u> -			
Accounts payable	\$ 2,979		\$ 2,979
Due to other funds	442		442
TOTAL LIABILITIES	<u>\$ 3,421</u>	<u>\$ -</u>	<u>\$ 3,421</u>
<u>Fund Balances</u> -			
Nonspendable		\$ 113,395	\$ 113,395
Restricted	33,566	3,116	36,682
TOTAL FUND BALANCE	<u>\$ 33,566</u>	<u>\$ 116,511</u>	<u>\$ 150,077</u>
TOTAL LIABILITIES AND			
FUND BALANCES	<u>\$ 36,987</u>	<u>\$ 116,511</u>	<u>\$ 153,498</u>

Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Combined Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2016

	Miscellaneous Special Revenue <u>Fund</u>	Permanent <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUES			
Use of money and property		\$ 20,186	\$ 20,186
Miscellaneous	20,141		20,141
TOTAL REVENUES	\$ 20,141	\$ 20,186	\$ 40,327
EXPENDITURES			
Instruction	28,014		\$ 28,014
TOTAL EXPENDITURES	\$ 28,014	\$ -	\$ 28,014
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (7,873)	\$ 20,186	\$ 12,313
OTHER FINANCING SOURCES (USES)			
Transfers - in	\$ 35,990		\$ 35,990
TOTAL OTHER FINANCING SOURCES (USES)	\$ 35,990	\$ -	\$ 35,990
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 28,117	\$ 20,186	\$ 48,303
FUND BALANCE, BEGINNING OF YEAR	5,449	96,325	101,774
FUND BALANCE, END OF YEAR	\$ 33,566	\$ 116,511	\$ 150,077

Supplementary Information
CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
For Year Ended June 30, 2016

Capital assets, net		\$ 69,376,516
Deduct:		
Short-term portion of bonds payable	\$ 2,110,000	
Long-term portion of bonds payable	23,075,000	
BAN payable	6,250,000	
Other short or long-term debt related to capital assets	<u>3,797,950</u>	(35,232,950)
Add:		
Unspent debt		<u>5,190,493</u>
Net Investment in Capital Assets		<u><u>\$ 39,334,059</u></u>

Supplementary Information

**CORTLAND ENLARGED CITY SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>CFDA</u> <u>Number</u>	<u>Grantor</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-16-0560	686,426
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-15-0560	17,636
Title I - Grants to Local Educational Agencies	84.010	N/A	0011-16-2036	144,025
Title I - Grants to Local Educational Agencies	84.010	N/A	0011-15-2036	89,659
Total Title I, Part A Cluster				937,746
<u>Special Education Cluster -</u>				
Special Education - Grants to States	84.027	N/A	0032-16-0152	692,771
Special Education - Preschool Grants	84.173	N/A	0033-16-0152	30,027
Total Special Education Cluster				722,798
Rural Education	84.358	N/A	0006-16-0560	24,570
Rural Education	84.358	N/A	0006-15-0560	1,596
Total Rural Education				26,166
Improving Teacher Quality State Grants	84.367	N/A	0147-16-0560	144,007
Improving Teacher Quality State Grants	84.367	N/A	0147-15-0560	9,547
Total Improving Teacher Quality State Grants				153,554
Total U.S. Department of Education				\$ 1,840,264
<u>U.S. Department of Agriculture:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Child Nutrition Cluster -</u>				
National School Lunch Program-Cash Assistance	10.555	N/A	5546	\$ 609,753
National School Lunch Program-Snack	10.555	N/A	5546	2,232
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	5546	95,077
National School Breakfast Program	10.553	N/A	5546	185,452
National Summer Food Service Program	10.559	N/A	5546	56,550
Total U.S. Department of Agriculture				\$ 949,064
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 2,789,328

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cortland Enlarged City School District, New York, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Cortland Enlarged City School District, New York's basic financial statements, and have issued our report thereon dated October 10, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cortland Enlarged City School District, New York's internal control over financial reporting 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 Cortland Enlarged City School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of Cortland Enlarged City School District, New York's internal control.

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

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


Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cortland Enlarged City School District, New York'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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 10, 2016

A handwritten signature in black ink that reads "Raymond F. Wager, CPA, P.C." The signature is written in a cursive, flowing style.



CORTLAND ENLARGED CITY SCHOOL DISTRICT

Initial calendar adopted by BOE on November 1, 2016
Revised _____

2017-2018 Budget Development Calendar

Purple = Board meeting date
Red = Not definite

Date	Topics	Notes
October 11, 2016	Discuss 2017-18 draft budget calendar.	Schedule finance committee meeting prior to November 1, 2016.
November 1, 2016	Present 2017-18 budget calendar to the BOE for adoption and begin preliminary budget forecast and overview of budget development theory.	
Nov.-Dec. 2016	Meet with individual administrators and directors.	Send out form for prioritizing furniture, fixtures, equipment requests for 2017-18 budget planning.
November 15, 2016	Present initial budget assumptions (cost drivers such as salary/benefits) and overview of reserves.	Request BOE authorization to reduce insurance reserve and review bus purchasing.
December 13, 2016	Present BOCES services to the Board of Education.	FFE requests back by December 1, 2016 to be discussed at December 14, 2016 leadership meeting.
December 21, 2016	Initial BOCES services requests due.	Staff requests due by December 16, 2016. Notify county regarding number of voting machines needed.
January 10, 2017	Present Operations & Maintenance, Transportation Budgets to Board of Education.	Provide line by line building 2016-17 budgets and discuss 2017-18 budget at January 11, 2017 leadership meeting.
January 24, 2017	Present Curriculum: staffing, athletics and special education.	

February 14, 2017	Present Debt Service, Employee Benefits and Revenue (Governor's Proposal if available) to the BOE.	
February 28, 2017	Present final Tax Levy Limit Calculation & Revenues and Reserves.	
March 1, 2017	Tax Levy Limit Calculation due to the Office of the State Comptroller.	
March 14, 2017	Present final cost drivers and preliminary overview of 2017-18 budget.	Send Cortland Standard Notice of Annual Budget /Vote/Election/Public Hearing to be published four times: First publication is March 29, 2017
March 28, 2017	Present draft 2017-18 budget to the BOE for review and comment.	
April 3, 2017	Legal notice of school budget hearing and budget vote. Must advertise four times within seven weeks of the vote with first publication at least 45 days before date of budget vote.	Second publication for Notice of Annual Budget /Vote/Election/Public Hearing is April 10, 2017.
April 11, 2017	Budget adoption by the BOE. Budget document available to the public, arrange for the pickup and return of voting machines with the Board of Elections contractor. April 24, 2016 is the last legal day to adopt.	Final draft of budget newsletter to be submitted for printing. Third publication for Notice of Annual Budget /Vote/Election/Public Hearing is April 24, 2017.
April 24, 2017	Adopt BOCES Budget, and Property tax report card must be submitted to SED within 24 hours of budget adoption, but no later than April 24, 2017. Also, submit property tax report card to Cortland Standard within 24 hours of budget adoption.	Property tax card sent to local newspaper for general circulation.
April 26, 2017	Deadline for submission of petitions for nominations of BOE candidates. Inform candidates of legal requirement for all candidates for election to Board of Education to file sworn statements of campaign contributions and distribute informational material. First sworn statement to be filed with the District Clerk and Commissioner of Education thirty days prior to vote date. Date for drawing by District Clerk for determination of order for listing Board candidates on ballot or voting machine the following day. Deadline for submission of petitions for propositions to be placed on ballot (20 days preceding budget vote).	Final draft of budget notice to be submitted for printing.

April 26, 2017	Mail district newsletter, prepare voting machine inserts and transmit to county Board of Elections.	Registration day is May 2, 2017.
May 1, 2017	Budget statement and required attachments available at least 14 days prior to budget vote.	Budget notice delivered to Cortland Post Office no later than May 5, 2017: must arrive in eligible voters homes after the budget hearing.
May 5, 2017	Budget notice (May need to include BOE candidates).	Forth publication for Notice of Annual Budget /Vote/Election/Public Hearing is May 8, 2017.
May 9, 2017	Budget Hearing / Meet the Candidates	
May 11-15, 2017	Sworn statements of campaign contributions or loans in excess of \$1,000, received before vote date and not previously reported, to be filed with the District Clerk and Commissioner of Education within twenty-four hours of receipt by candidates for membership on the Board of Education and Library Board.	
May 11-15, 2017	District clerk must maintain a list of names of those residents who were given absentee ballot and make such list available for public inspection the five days prior to the annual meeting except Sunday (Public posting no longer required).	
May 16, 2017	Budget Vote Day	
June 20, 2017	Statewide budget revote day if applicable.	



CORTLAND JUNIOR SENIOR HIGH SCHOOL
Timothy J. Wagoner
Director of Athletics and Physical Education
8 Valley View Drive
Cortland, New York 13045-3296
Phone: (607) 758-4115
twagoner@cortlandschools.org

6:2

To: Michael Hoose, Superintendent of Schools
From: Tim Wagoner, Director of Athletics and Physical Education
Date: October 28, 2016
RE: Varsity Boys and Girls Indoor Track

The Board of Education has recommended the creation of a varsity boys and girls indoor track team for the winter 2016-17 season.

The estimated costs for adding the program was included in a previous memo dated October 11, 2016. Please let me know if you would like to add the varsity indoor track team to the interscholastic athletic program.

The varsity indoor track team would need to be approved by the Board of Education as interscholastic team to participate in Section III and NYSPHSAA meets.

cc: Matt Dearie
Sandra Swierczek
Kim Vile
Alicia Zupancic
File

SCHEDULE OF RESIGNATIONS AND LEAVES

ADMINISTRATORS, INSTRUCTIONAL AND NON-INSTRUCTIONAL STAFF
School Year 2016-17

Schedule Number: 11.82
Board Meeting Date: November 1, 2016
Color: White

A. Approval of Personnel Resignations and Leaves

ADMINISTRATORS/INSTRUCTIONAL PERSONNEL:

RESIGNATION	POSITION	ORIGINAL APPOINTMENT	RESIGNATION DATE	REASON

CO-CURRICULAR PERSONNEL:

RESIGNATION	POSITION	ORIGINAL APPOINTMENT	RESIGNATION DATE	REMARKS
Albright, Abbey	Head Coach 8 th Grade Girls Basketball	09/27/2016	10/11/2016	Resignation.

NON-INSTRUCTIONAL PERSONNEL:

RESIGNATION	POSITION	ORIGINAL APPOINTMENT	EFFECTIVE DATE	REASON
Phalen, Kathleen	School Nurse	09/15/2010	11/28/2016	Retirement.
Gesin, Elizabeth	Teacher Aide	12/11/2013	11/04/2016	Resignation.

INSTRUCTIONAL/NON-INSTRUCTIONAL PERSONNEL

LEAVE OF ABSENCE	POSITION	ORIGINAL APPOINTMENT	LEAVE DATES	REASON
Quinlan, Melissa	Communications & Broadcasting Teacher	09/01/2008	04/10/2017 – 06/19/2017 (Anticipated)	Parental Leave – If part of this leave is to be paid, the period of disability, confirmed by a physician, will be defined in the doctor's note.

7a

m.b

SCHEDULE OF APPOINTMENTS

Non-Instructional Personnel
To Fix Salaries and Schedule Conditions for the School Year 2016-17

Schedule Number: 1195
Board Meeting Date: November 1, 2016
Color: White

NAME	JOB TITLE	SERVICE AREA	EFFECTIVE DATE	APPOINTMENT TYPE	REMARKS	SALARY/ HOURLY RATE
Condie, Daniel	Bus Driver	District	10/03/2016	Probationary	Daniel will fill the Bus Driver position due to resignation.	\$15.89
Butler, Cathy	Sr. Keyboard Specialist	JSHS	11/02/2016	Probationary	Cathy has successfully completed the appropriate Civil Service exam and moves from provisional to probationary.	\$12.65

SCHEDULE OF APPOINTMENTS

7.6

Non-Instructional Substitute Personnel

To Fix Salaries and Schedule Conditions for the School Year 2016-17

Schedule Number: **1196**
Board Meeting Date: **November 1, 2016**
Color: **White**

The following individuals are appointed conditionally (pending fingerprint clearance) to the substitute list for non-instructional personnel. The Superintendent is authorized to make assignments from the list.

Last Name	First Name	Title	Rate	Remarks
Atkins	Christine	Nurse	\$17.25	Retroactive to 10/17/2016
Hill	Glenna	Food Service Helper	\$9.70	Retroactive to 10/21/2016
Brown	Arielle	Teacher Aide	\$9.70	
Hubbard	Stacy	Bus Driver	\$14.95	Pending DOT requirements

17.0

SCHEDULE OF APPOINTMENTS

ADMINISTRATORS AND INSTRUCTIONAL STAFF

To Fix Salaries and Schedule Conditions for the School Year 2016-17

Schedule Number: 2441

Board Meeting Date: November 1, 2016

Color: White

NAME	POSITION/ LOCATION	TYPE OF APP'T	DATE EFFECTIVE	PROB ENDS	TENURE AREA	CERT/ DEGREE	REMARKS	SALARY *
Bermingham, Heather	Special Education/Barry	Probationary	TBD	TBD	General Special Education	Students With Disabilities 1-6/ Initial	Heather will fill the Special Education vacancy due to resignation.	Step B1 \$40,885 Grad Hrs \$ Master's \$
								TOTAL \$40,885.00
Sturdevant, Jonelle	Teaching Assistant/JSHS	Probationary	11/02/2016	11/01/2020	Teaching Assistant	Teaching Assistant/Level I	Jonelle will fill the Teaching Assistant vacancy due to resignation.	Step A1
								TOTAL \$20,071.00
Davidson, Sarah	Special Education/Smith	Probationary	11/02/2016	11/01/2020	General Special Education	Students With Disabilities 1-6/ Initial - pending	Sarah will fill the Special Education vacancy due to resignation.	Step I1 \$46,482 Grad Hrs \$4,040 Master's \$400
								TOTAL \$50,922.00

*To be pro-rated

7. C

SCHEDULE OF APPOINTMENTS

ELEMENTARY & SECONDARY SUBSTITUTE TEACHERS/TUTORS 2016-17

Schedule Number: 2442

Board Meeting Date: November 1, 2016

Color: Yellow

The following individuals are emergency conditional appointments to the substitute teacher list. The Superintendent is authorized to make assignments from the list.

Name	Title	List	Daily Rate	Remarks
Frawley, Christine	Substitute Teacher	A	\$101.00	Retroactive to 10/11/2016
Hayes, Michael	Substitute Teacher	B	\$83.00	Retroactive to 10/20/2016
Kleefeld, Sarah	Substitute Teacher	B	\$83.00	Retroactive to 10/25/2016
Kleefeld, Sarah	Teaching Assistant		\$75.00	Retroactive to 10/25/2016
Toro Jr., Victor	Substitute Teacher	B	\$83.00	Retroactive to 10/28/2016
Toro Jr., Victor	Teaching Assistant		\$75.00	Retroactive to 10/28/2016

* Substitutes appointed above are automatically eligible to substitute as Teaching Assistants.

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SCHEDULE OF APPOINTMENTS INTER-SCHOLASTIC (ATHLETICS)

To Fix Salaries and Schedule Conditions for the School Year 2016-17

Schedule Number: **2443**
Board Meeting Date: **November 1, 2016**
Color: **Blue**

NAME*	TITLE	VARSITY/JV JUNIOR HIGH	SPORT	BOYS/ GIRLS	AMOUNT
Amanda Cizenski	Head Coach	8th Grade	Basketball	Girls	\$ 2688
Tom Herting	Head Coach	Modified	Wrestling	Boys	\$ 2688
Matt Dearie	Head Coach	Varsity	Indoor Track	Boys/Girls	\$ 5376
Jennifer Larkin	Asst. Coach	Varsity	Lacrosse	Girls	\$ 3024
Luke Schweider	Vol. Assistant	Jr. Varsity	Basketball	Girls	\$ Volunteer
Dillon Chichester	Vol. Assistant	Modified	Basketball	Boys	\$ Volunteer
Bill Gallow	Vol. Assistant	Modified	Wrestling	Boys	\$ Volunteer
Randy Coville	Vol. Assistant	Varsity	Wrestling	Boys	\$ Volunteer
Kelsey Harwood	Vol. Assistant	Modified	Volleyball	Girls	\$ Volunteer
Frank Hodge	Vol. Assistant	Varsity	Basketball	Girls	\$ Volunteer
Derek Allen	Vol. Assistant	Varsity	Basketball	Boys	\$ Volunteer
Chelsea Palma	Vol. Assistant	Modified	Volleyball	Girls	\$ Volunteer
Jonathan Prior	Vol. Assistant	Varsity	Basketball	Boys	\$ Volunteer

*Pending coaching requirements