

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2016 AND 2015**

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# ***BOULRICE & WOOD CPAS, P.C.***

## ***Certified Public Accountants***

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***MICHAEL L. BOULRICE, CPA***

***STEPHEN P. WOOD, CPA***

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Beekmantown Central School District  
West Chazy, New York

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Beekmantown Central School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the District's 2015 financial statements, and in our report dated September 25, 2015, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

#### **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 of material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Beekmantown Central School District, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 13), budgetary comparison information (pages 53 & 54), Schedule of Funding Progress Other Post-Employment Benefits Plan (page 57) and Schedules of District's Proportionate Share of the Net Pension Liability – ERS and TRS, and Schedules of the District's Contributions – ERS and TRS (pages 58-61) 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.

Our Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beekmantown Central School District's basic financial statements as a whole. The Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, and Net Investment in Capital Assets are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of Beekmantown Central School District. The Schedule of Change from Original Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, Net Investment in Capital Assets, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2016, on our consideration of the Beekmantown Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beekmantown Central School District's internal control over financial reporting and compliance.

*Boulrice & Wood CPAs, PC*

September 21, 2016

## Management Discussion and Analysis

Within this section of the Beekmantown Central School District's annual financial report, the School's management provides narrative discussion and analysis of the financial activities of the School for the fiscal year ended June 30, 2016. The School's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Additional information is available in the auditor's opinion letter, which precedes management's discussion and analysis.

### Financial Highlights

- The district ended the fiscal year with General Fund revenues of \$38,962,830. The annual General Fund expenditures and other uses totaled \$37,163,041. This means the district ended the fiscal year with excess revenues and other sources over expenditures and other uses totaling \$1,799,789; and
- As of June 30, 2016, under the GASB 34 reporting model, the change in net position was \$134,879. Under the fund accounting model, the change in fund balance was \$1,602,790. The primary reasons for these differences involve other post-employment benefits and debt service transactions. For Further details, see the reconciliation on pages 20 and 21.

### Overview of the Financial Statements

Management's discussion and analysis introduces the School's basic financial statements. The basic financial statements include: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

### District-Wide Financial Statements

The Governmental Accounting Standards Board's Statement #34 requires that reporting financial status take place in a district-wide format. The School's annual report includes two such district-wide financial statements, which provide both long-term and short-term information about the School's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these district-wide statements is the Statement of Net Position. This is a school-wide statement of position presenting information that includes all of the School's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the overall financial position of the School is improving or deteriorating. In addition to the financial information provided in this report, evaluation of the overall health of the School would extend to other non-financial factors such as diversification of the taxpayer base, the continued financial support of the State and Federal governments, and the condition of the School's infrastructure.

The second district-wide statement is the Statement of Activities. This statement reports how the School's net position changed during the current fiscal year. All current revenues and expenditures are included regardless of when cash is received or paid. An important purpose for the design of the statement of activities is to show the financial reliance of the School's distinct activities or functions on revenues provided by the School's taxpayers.

Both of the district-wide financial statements distinguish government activities of the School that are principally supported by State and Federal sources, intergovernmental revenues, such as operating grants, and revenue from the local tax levy. Fiduciary activities, such as those for which the accounting occurs in the trust and agency fund, are not included in the government-wide statements since these assets are not available to fund the School programs.

The district-wide financial statements are presented on pages 14 and 15 of this report.

## **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The School uses funds to ensure and demonstrate compliance with finance-related law and regulations. Within the basic financial statements, fund financial statements focus on the School's most significant funds rather than the School as a whole. Major funds are reported separately while all others are combined in a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report. The School has two kinds of funds:

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide statements, the governmental fund statements focus on the near-term inflows and outflows of resources available for spending. These statements illustrate short-term fiscal accountability in the use of such resources and the balances of such resources at the end of the fiscal year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of such resources for the near-term.

Since the district-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the government fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balance have been reconciled in the notes to the financial statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the supplemental financial statements for the General Fund. These statements and schedules demonstrate regulatory compliance with the School's adopted and final revised budget.

The basic governmental fund financial statements are presented on pages 16 through 17 of this report.

Fiduciary Funds such as the scholarship accounts, extra-classroom activity balances and other payroll withholdings are reported in the fiduciary fund financial statements, but are excluded from the district-wide reporting. Fiduciary fund financial statements report resources that are not available to fund school programs.

The basic fiduciary fund financial statements are presented on pages 18 and 19 of this report.



## Notes to Financial Statements

Notes to Financial Statements provide information essential to a full understanding of the district-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also includes supplementary information beginning on page 50.

### **Financial Analysis of the District as a Whole**

The District's net position at June 30, 2016 is \$(11,099,589). This represents a \$134,879 increase from last year's net position of \$(11,234,468). The following table provides a summary of the School's net position:

#### Summary of Net Position

|  | <u>6/30/2016</u>     | <u>6/30/2015</u>     |
|--|----------------------|----------------------|
| Current and Other Assets                       | \$ 23,114,846        | \$ 22,490,675        |
| Capital Assets                                 | <u>35,760,698</u>    | <u>35,850,770</u>    |
| Total Assets                                   | <u>58,875,544</u>    | <u>58,341,445</u>    |
| Deferred Outflow of Resources                  |                      |                      |
| Unamortized Defeasance Loss                    | 242,500              | 303,125              |
| Pensions                                       | <u>4,122,068</u>     | <u>2,622,382</u>     |
| Total Assets and Deferred Outflow of Resources | <u>\$ 63,240,112</u> | <u>\$ 61,266,952</u> |
| Current Liabilities                            | \$ 4,768,833         | \$ 6,678,963         |
| Long-Term Liabilities                          | <u>66,079,779</u>    | <u>59,322,665</u>    |
| Total Liabilities                              | <u>70,848,612</u>    | <u>66,001,628</u>    |
| Deferred Inflows of Resources                  |                      |                      |
| Pensions                                       | <u>3,491,089</u>     | <u>6,499,792</u>     |
| Net Assets                                     |                      |                      |
| Net Invested in Capital Assets                 | 28,831,031           | 25,916,181           |
| Restricted                                     | 5,291,669            | 4,581,701            |
| Unrestricted                                   | <u>(45,222,289)</u>  | <u>(41,732,350)</u>  |
| Total Net Position                             | <u>(11,099,589)</u>  | <u>(11,234,468)</u>  |
| Total Liabilities and Net Position             | <u>\$ 63,240,112</u> | <u>\$ 61,266,952</u> |

The following table and supporting graphs provide a summary of revenues, expenses and net position for the year ended June 30, 2016:

Statement of Activities  
Summary of Changes in Net Position

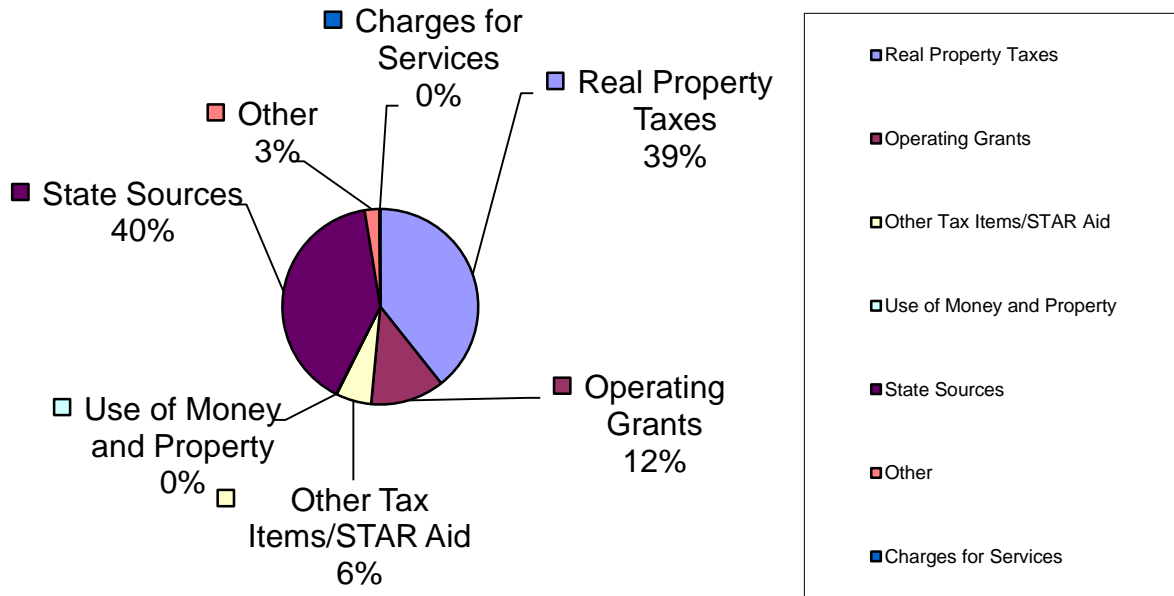
| <b>Revenues:</b>                     | <u>6/30/2016</u>       | <u>6/30/2015</u>       | %<br>Change |
|--------------------------------------|------------------------|------------------------|-------------|
| Program Revenues:                    |                        |                        |             |
| Charges for Services                 | \$ 75,047              | \$ 268,696             | -72.1%      |
| Operating Grants & Contributions     | 5,415,045              | 2,163,531              | 150.3%      |
| General Revenues:                    |                        |                        |             |
| Property Taxes                       | 17,486,344             | 16,859,582             | 3.7%        |
| School Tax Relief (STAR)             | 2,600,678              | 2,539,897              | 2.4%        |
| State Formula Aid                    | 17,783,007             | 17,116,906             | 3.9%        |
| Use of Money and Property            | 34,866                 | 32,689                 | 6.7%        |
| Miscellaneous                        | 1,070,102              | 753,565                | 42.0%       |
| <b>Total Revenues:</b>               | <u>44,465,089</u>      | <u>39,734,866</u>      | 11.9%       |
| <b>Expenses:</b>                     |                        |                        |             |
| General Government Support           | 4,146,751              | 4,173,295              | -0.6%       |
| Instruction                          | 22,670,622             | 20,140,200             | 12.6%       |
| Pupil Transportation                 | 1,758,507              | 1,783,313              | -1.4%       |
| Employee Benefits                    | 8,061,878              | 7,244,538              | 11.3%       |
| Employee Benefits, OPEB GASB 45      | 6,695,905              | 6,723,978              | -0.4%       |
| Debt Service – Interest              | 342,311                | 453,057                | -24.4%      |
| Cost of Sales – Food                 | 654,236                | 392,611                | 66.6%       |
| <b>Total Expenses:</b>               | <u>44,330,210</u>      | <u>40,910,992</u>      | 8.4%        |
| Increase (decrease) in Net Position: | 134,879                | (1,176,126)            | -111.5%     |
| Beginning Net Position               | <u>(11,234,468)</u>    | <u>(10,058,342)</u>    |             |
| Ending Net Position                  | <u>\$ (11,099,589)</u> | <u>\$ (11,234,468)</u> |             |

Revenues for the District's governmental activities totaled \$44,465,089 while total expenses equaled \$44,330,210. Therefore, the increase in net position for governmental activities was \$134,879 in 2016. The District's financial condition can be credited to:

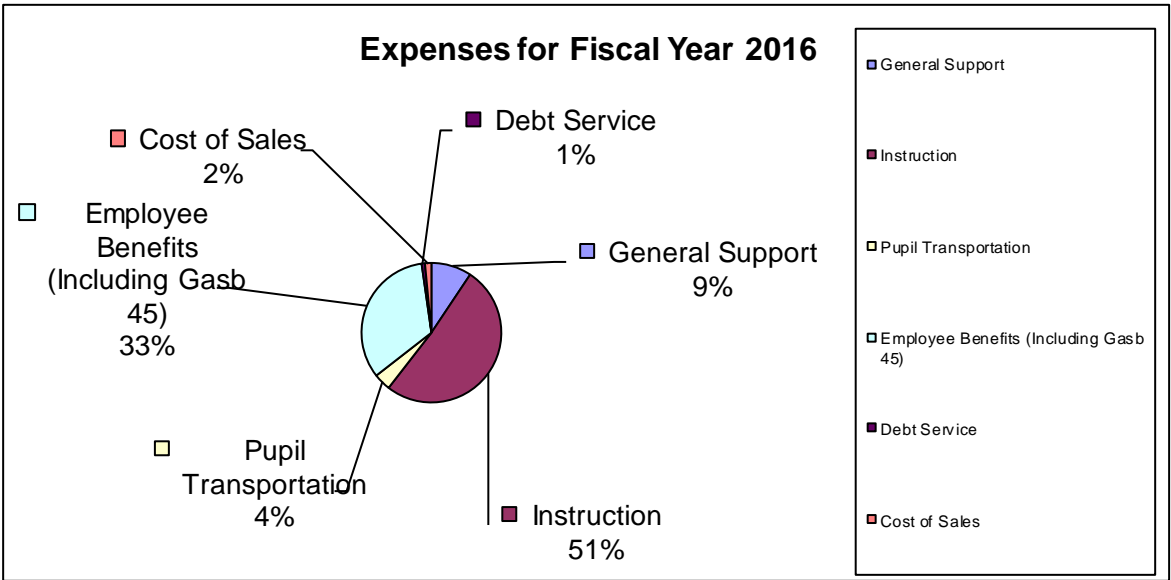
- The Board of Education reaches out to all residents through an active web site, presenting our budget at convenient community locations, and encouraging community input at Board of Education meetings;
- The Audit Committee meets monthly to review and discuss financial documents and, where required, recommends those documents to the full Board of Education for review and approval;

- Board of Education continually reviews board policies on fiscal management and internal controls and updates them for adherence to applicable laws;
- Internal controls include training for the claims auditor. The claims auditor matches all vendor payment claims and supporting documentation against the warrant report and indicates approval with a signature. Additionally, the claims auditor submits a monthly report of findings to the Board and meets with the audit committee;
- Bank reconciliations are current and necessary documentation is maintained with the bank statements. The Audit Committee and Board of Education are provided with a current Treasurer's Report each month;
- Health insurance and other employee benefits are reviewed monthly to insure benefits are limited to only participants contractually entitled to such benefits;
- Submitted payrolls are reviewed for accuracy, which includes verifying contractual rates of pay to insure no unnecessary spending and payment. Substitutes are utilized only when necessary;
- Grants are reviewed to verify all expenditures, including payroll and benefits, are paid properly from these grants;
- Termination of employees is documented and unemployment claims are monitored closely;
- The District continues to manage expenditures through the solicitation of competitive bids and requests for proposal. The District also participates in state contract purchasing through the NYS Office of General Services and competitive bidding with St. Lawrence BOCES; National Joint Purchasing Alliance (NJPA) and The Cooperative Purchasing Network (TCPN).
- Equipment and computers purchased are tracked using a computerized inventory control system.
- During the year ended June 30, 2009, the District implemented GASB45 which requires the District to calculate and report the present value of the future liability for retiree health insurance costs. The District hired an actuary to calculate the liability which is currently reported (page 45) in the Statement of Net Position at \$55,399,104.
- The Board of Education annually supports professional development in fiscal management and compliance for the business office staff.

## Sources of Revenues for Fiscal Year 2016



| Revenue Source            | Amount               |
|---------------------------|----------------------|
| Real Property Taxes       | \$ 17,486,344        |
| Operating Grants          | 5,415,045            |
| Other Tax Items/STAR Aid  | 2,600,678            |
| Use of Money and Property | 34,866               |
| State Sources             | 17,783,007           |
| Other                     | 1,070,102            |
| Charges for Services      | 75,047               |
|                           | <u>\$ 44,465,089</u> |



| Expenditure                           | Amount        |
|---------------------------------------|---------------|
| General Support                       | \$ 4,146,751  |
| Instruction                           | 22,670,622    |
| Pupil Transportation                  | 1,758,507     |
| Employee Benefits (Including Gasb 45) | 14,757,783    |
| Debt Service                          | 342,311       |
| Cost of Sales                         | 654,236       |
|                                       | \$ 44,330,210 |

**Financial Analysis of the School District’s Funds**

As discussed, the School’s governmental funds are reported in the fund statements with a modified accrual basis that focuses on the short-term, inflow and outflow of resources available for spending. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the School District consist of the General Fund, Special Revenue Fund, and Capital Projects Fund.

Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

## Capital Assets and Debt Administration

### Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2016, was \$35,760,698 which represents a decrease of 0.3% from the 2015 balances. The capital assets include the completion of renovating the district infrastructure in accordance with the District's 5-year Capital Facilities Plan consisting of health and safety renovations, equipment and technology infrastructure upgrades and other alterations, renovations, and improvements to the Cumberland Head Elementary School and the Beekmantown Main Building (K-12 facilities). The decrease in net capital assets is attributable to the increased accumulated depreciation on the district wide assets.

| <u>CAPITAL ASSETS</u>                  |                             |                             |                     |
|--|-----------------------------|-----------------------------|---------------------|
| <u>Net of Accumulated Depreciation</u> |                             |                             |                     |
|  | <u>2016</u>                 | <u>2015</u>                 | <u>% Change</u>     |
| Non-Depreciable Assets:                |                             |                             |                     |
| Land                                   | \$ 73,608                   | \$ 73,608                   | 0.0%                |
| Construction in Progress               | 195,910                     | -                           | N/A                 |
| Depreciable Assets:                    |                             |                             |                     |
| Buildings                              | 32,962,758                  | 33,872,837                  | -2.7%               |
| Machinery and Equipment                | <u>2,528,422</u>            | <u>1,904,325</u>            | <u>32.8%</u>        |
| <b>TOTAL</b>                           | <b><u>\$ 35,760,698</u></b> | <b><u>\$ 35,850,770</u></b> | <b><u>-0.3%</u></b> |

### Long Term Debt

At the end of the fiscal year, the District had \$65,470,913 in long-term debt outstanding. More detailed information about the District's long-term liabilities and Bond Anticipation Notes are presented in Note 7 to the financial statements.

|                                | <u>2016</u>                 | <u>2015</u>                 | <u>% Change</u>    |
|--------------------------------|-----------------------------|-----------------------------|--------------------|
| Compensated Absences           | \$ 3,181,809                | \$ 3,197,567                | -0.5%              |
| Bonds Payable                  | 6,890,000                   | 9,810,000                   | -29.8%             |
| Other Post Employment Benefits | <u>55,399,104</u>           | <u>48,703,199</u>           | <u>13.7%</u>       |
|                                | <b><u>\$ 65,470,913</u></b> | <b><u>\$ 61,710,766</u></b> | <b><u>6.1%</u></b> |

## Other Post-Employment Benefits

The District identified long term financial stress factors and worked effectively with the local bargaining units to collectively modify employer/employee allocations for benefit costs as well as switching health insurance plans for all current employee groups. While the financial benefits will be recognized over a multiyear period of time the renewal terms had a significant impact on the actuarial calculation of this long term liability. As indicated in the chart below the actuarial accrued liability percentage change over the previous year is -1.84% or decreased \$1,742,802.

The District's liability for other post-employment benefits is summarized below:

|           | Actuarial<br>Accrued<br>Liability<br>(AAL) | Percentage<br>Change |
|-----------|--|----------------------|
| 6/30/2016 | \$ 93,025,057                              | -1.84%               |
| 6/30/2015 | 94,767,859                                 | 5.28%                |
| 6/30/2014 | 90,017,436                                 | -14.5%               |
| 6/30/2013 | 105,254,296                                | 12.5%                |
| 6/30/2012 | 93,549,473                                 | 6.5%                 |
| 6/30/2011 | 87,819,793                                 | 13.6%                |
| 6/30/2010 | 77,313,675                                 | 6.8%                 |
| 6/30/2009 | 72,408,518                                 |                      |

## Factors Bearing on the Future of District

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

- Condition of State's financial health and the impact this condition will have on state aid.
- Potential increases in the employer's contribution to the Teacher's Retirement System and the Employee Retirement System.
- Increasing cost of health insurance premiums.
- State-wide and District trends indicate declining enrollment
- Long range positive financial relief/benefit resulting from the NYS creation of Tier V and Tier VI class employees.
- Anticipated growth in the local economy stemming from active local economic development efforts, including an Aerospace facility suggest a potential period of growth for District.
- Continued reductions in funding from Federal and State Grants
- Increased number of retirees receiving benefits for longer period of time.

## **Contacting the Financial Managers of the School**

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances, comply with finance-related laws and regulations and demonstrate the School's commitment to public accountability. If you have questions about this report, or would like to request additional information, please contact:

Beekmantown Central School District Offices  
Attn: Daniel W. Mannix, Superintendent  
37 Eagle Way, West Chazy, NY 12992-2577  
(518) 563-8250 Ext 5501



**STATEMENTS OF NET POSITION**  
**June 30, 2016 and 2015**

| <b>ASSETS</b>   | <u>2016</u>                 | <u>2015</u>                 |
|---|-----------------------------|-----------------------------|
| Cash:   |                             |                             |
| Unrestricted  | \$ 6,210,938                | \$ 6,965,627                |
| Restricted  | 4,911,146                   | 4,039,452                   |
| Receivables:  |                             |                             |
| Accounts Receivable   | 964                         | 5,363                       |
| Due from Fiduciary Funds  | 105,530                     | 105,103                     |
| State and Federal Aid Receivable                                | 2,233,878                   | 1,243,861                   |
| Due from Other Governments                                      | 585,439                     | 685,855                     |
| Inventories   | 18,101                      | 17,343                      |
| Deposit, Electric Reserve                                       | 27,549                      | 27,796                      |
| Capital Assets, Net   | 35,760,698                  | 35,850,770                  |
| Net Pension Asset-Proportionate Share                           | 9,021,301                   | 9,400,275                   |
| <b>Total Assets</b>   | <u><b>58,875,544</b></u>    | <u><b>58,341,445</b></u>    |
| <br><b>DEFERRED OUTFLOW OF RESOURCES</b>                        |                             |                             |
| Unamortized Defeasance Loss                                     | 242,500                     | 303,125                     |
| Pensions  | 4,122,068                   | 2,622,382                   |
| <b>Total Assets and Deferred Outflow of Resources</b>           | <u><b>\$ 63,240,112</b></u> | <u><b>\$ 61,266,952</b></u> |
| <br><b>LIABILITIES</b>  |                             |                             |
| Payables:   |                             |                             |
| Accounts Payable and Accrued Expenses                           | \$ 387,015                  | \$ 374,632                  |
| Bond Anticipation Notes Payable                                 | -                           | 80,515                      |
| Due to Other Governments  | 499,319                     | 667,723                     |
| Long-Term Liabilities   |                             |                             |
| Due and payable within one year:                                |                             |                             |
| Bonds Payable - Current   | 1,690,000                   | 2,920,000                   |
| Compensated Absences  | 1,835                       | 84,226                      |
| Due to Teacher's Retirement System                              | 2,010,896                   | 2,361,218                   |
| Due to Employee Retirement System                               | 179,768                     | 190,649                     |
| Due and payable after one year:                                 |                             |                             |
| Bonds Payable - Non-Current                                     | 5,200,000                   | 6,890,000                   |
| Bond Premium, net of Amortization                               | 39,667                      | 44,074                      |
| Compensated Absences Payable                                    | 3,181,809                   | 3,197,567                   |
| Other Post Employment Benefits                                  | 55,399,104                  | 48,703,199                  |
| Net Pension Liability-Proportionate Share                       | 2,259,199                   | 487,825                     |
| <b>Total Liabilities</b>  | <u><b>70,848,612</b></u>    | <u><b>66,001,628</b></u>    |
| <br><b>DEFERRED INFLOWS OF RESOURCES</b>                        |                             |                             |
| Pensions  | <u><b>3,491,089</b></u>     | <u><b>6,499,792</b></u>     |
| <br><b>NET POSITION</b>   |                             |                             |
| Net Investment in Capital Assets                                | 28,831,031                  | 25,916,181                  |
| Restricted:   |                             |                             |
| Capital Reserve   | 500,033                     | -                           |
| Debt Service  | 409,105                     | 508,810                     |
| Tax Certiorari  | 1,283,999                   | 862,962                     |
| Unemployment Insurance  | 41,039                      | 45,974                      |
| Employee Benefit Accrued Liability                              | 2,586,480                   | 2,765,011                   |
| Workers Comp Reserve  | 59,830                      | 69,732                      |
| Retirement Reserve  | 386,025                     | 304,091                     |
| Insurance Reserve   | 25,158                      | 25,121                      |
| Unrestricted  | (45,222,289)                | (41,732,350)                |
| <b>Total Net Position</b>                                       | <u><b>(11,099,589)</b></u>  | <u><b>(11,234,468)</b></u>  |
| <br><b>Total Liabilities, Deferred Inflows and Net Position</b> | <u><b>\$ 63,240,112</b></u> | <u><b>\$ 61,266,952</b></u> |

See Notes to the Financial Statements.

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016 and 2015

| Functions/<br>Programs                        | 2016                   |   |                     | 2015   |  |
|---|------------------------|---|---------------------|--|--|
|   | EXPENSES               | PROGRAM REVENUES<br>CHARGES FOR<br>SERVICES | OPERATING<br>GRANTS | NET (EXPENSE)<br>REVENUE AND<br>CHANGES IN<br>NET POSITION | NET (EXPENSE)<br>REVENUE AND<br>CHANGES IN<br>NET POSITION |
| General Support                               | \$ (4,146,751)         | \$ -  | \$ 1,135,900        | \$ (3,010,851)   | \$ (3,602,422)   |
| Instruction                                   | (22,670,622)           | -   | 4,279,145           | (18,391,477)   | (18,547,542)   |
| Pupil Transportation                          | (1,758,507)            | -   | -                   | (1,758,507)  | (1,783,313)  |
| Employee Benefits                             | (14,757,783)           | -   | -                   | (14,757,783)   | (13,968,516)   |
| Debt Service                                  | (342,311)              | -   | -                   | (342,311)  | (453,057)  |
| Cost of Sales (School Lunch)                  | (654,236)              | 75,047                                      | -                   | (579,189)  | (123,915)  |
| <b>Total Functions<br/>and Programs</b>       | <b>\$ (44,330,210)</b> | <b>\$ 75,047</b>                            | <b>\$ 5,415,045</b> | <b>(38,840,118)</b>  | <b>(38,478,765)</b>  |
| <b>General Revenues</b>                       |                        |   |                     |  |  |
| Real Property Taxes                           |                        |   |                     | 17,486,344   | 16,859,582   |
| Other Tax Items/STAR Aid                      |                        |   |                     | 2,600,678  | 2,539,897  |
| Charges for Services                          |                        |   |                     | 71,079   | 99,068   |
| Use of Money and Property                     |                        |   |                     | 34,866   | 32,689   |
| Sale of Property and Compensation for Loss    |                        |   |                     | 143,570  | 104,937  |
| Miscellaneous                                 |                        |   |                     | 744,599  | 447,928  |
| State Sources                                 |                        |   |                     | 17,783,007   | 17,116,906   |
| Federal Sources                               |                        |   |                     | 110,854  | 101,632  |
| <b>Total General Revenues</b>                 |                        |   |                     | <b>38,974,997</b>  | <b>37,302,639</b>  |
| <b>Change in Net Position</b>                 |                        |   |                     | <b>134,879</b>   | <b>(1,176,126)</b>   |
| <b>Total Net Position - Beginning of Year</b> |                        |   |                     | <b>(11,234,468)</b>  | <b>(10,058,342)</b>  |
| <b>Total Net Position - End of Year</b>       |                        |   |                     | <b>\$ (11,099,589)</b>                                     | <b>\$ (11,234,468)</b>                                     |

See Notes to the Financial Statements.

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

EXHIBIT 3

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2016 and 2015

|  | General<br>Fund      | Special<br>Revenue  | Capital<br>Projects | Debt<br>Service   | <u>2016</u><br><u>TOTAL</u> | <u>2015</u><br><u>TOTAL</u> |
|--|----------------------|---------------------|---------------------|-------------------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                              |                      |                     |                     |                   |                             |                             |
| Unrestricted Cash                          | \$ 5,904,160         | \$ 306,778          | \$ -                | \$ -              | \$ 6,210,938                | \$ 6,965,627                |
| Restricted Cash                            | 4,882,564            | -                   | 28,582              | -                 | 4,911,146                   | 4,039,452                   |
| Accounts Receivable                        | 377                  | 587                 | -                   | -                 | 964                         | 5,363                       |
| Due from Other Funds                       | 1,426,267            | 146,770             | -                   | 409,105           | 1,982,142                   | 1,025,958                   |
| Due from Fiduciary Funds                   | 105,530              | -                   | -                   | -                 | 105,530                     | 105,103                     |
| Inventories                                | -                    | 18,101              | -                   | -                 | 18,101                      | 17,343                      |
| State & Federal Aid Receivable             | 732,530              | 1,501,348           | -                   | -                 | 2,233,878                   | 1,243,861                   |
| Deposit, Electric Reserve                  | 27,549               | -                   | -                   | -                 | 27,549                      | 27,796                      |
| Due from Other Governments                 | 585,439              | -                   | -                   | -                 | 585,439                     | 685,855                     |
| <b>Total Assets</b>                        | <u>\$ 13,664,416</u> | <u>\$ 1,973,584</u> | <u>\$ 28,582</u>    | <u>\$ 409,105</u> | <u>\$ 16,075,687</u>        | <u>\$ 14,116,358</u>        |
| <b>LIABILITIES</b>                         |                      |                     |                     |                   |                             |                             |
| Accounts Payable and Accrued Expenses      | \$ 193,699           | \$ 193,316          | \$ -                | \$ -              | \$ 387,015                  | \$ 294,147                  |
| Bond Anticipation Notes Payable            | -                    | -                   | -                   | -                 | -                           | 80,515                      |
| Due to Other Funds                         | -                    | 1,757,650           | 224,492             | -                 | 1,982,142                   | 1,025,958                   |
| Due to Other Governments                   | 494,802              | 4,517               | -                   | -                 | 499,319                     | 667,723                     |
| Due to Teachers' Retirement System         | 2,010,896            | -                   | -                   | -                 | 2,010,896                   | 2,361,218                   |
| Due to Employees' Retirement System        | 179,768              | -                   | -                   | -                 | 179,768                     | 190,649                     |
| Compensated Absences                       | 1,835                | -                   | -                   | -                 | 1,835                       | 84,226                      |
| <b>Total Liabilities</b>                   | <u>2,881,000</u>     | <u>1,955,483</u>    | <u>224,492</u>      | <u>-</u>          | <u>5,060,975</u>            | <u>4,704,436</u>            |
| <b>Fund Balances:</b>                      |                      |                     |                     |                   |                             |                             |
| Nonspendable                               |                      |                     |                     |                   |                             |                             |
| Inventories                                | -                    | 18,101              | -                   | -                 | 18,101                      | 17,343                      |
| Restricted                                 |                      |                     |                     |                   |                             |                             |
| Capital Reserve                            | 500,033              | -                   | -                   | -                 | 500,033                     | -                           |
| Tax Certiorari                             | 1,283,999            | -                   | -                   | -                 | 1,283,999                   | 862,962                     |
| Unemployment Insurance                     | 41,039               | -                   | -                   | -                 | 41,039                      | 45,974                      |
| Employee Benefit Accrued Liability         | 2,586,480            | -                   | -                   | -                 | 2,586,480                   | 2,765,011                   |
| Retirement of long-term debt               | -                    | -                   | -                   | 409,105           | 409,105                     | 508,810                     |
| Workers Comp Reserve                       | 59,830               | -                   | -                   | -                 | 59,830                      | 69,732                      |
| Retirement Reserve                         | 386,025              | -                   | -                   | -                 | 386,025                     | 304,091                     |
| Reserve for Insurance                      | 25,158               | -                   | -                   | -                 | 25,158                      | 25,121                      |
| Assigned                                   |                      |                     |                     |                   |                             |                             |
| Appropriated Fund Balance                  | 1,200,000            | -                   | -                   | -                 | 1,200,000                   | 1,200,000                   |
| Other (Note 9)                             | 740,779              | 230                 | -                   | -                 | 741,009                     | 794,054                     |
| Unassigned                                 | 3,960,073            | (230)               | (195,910)           | -                 | 3,763,933                   | 2,818,824                   |
| <b>Total Fund Balances</b>                 | <u>10,783,416</u>    | <u>18,101</u>       | <u>(195,910)</u>    | <u>409,105</u>    | <u>11,014,712</u>           | <u>9,411,922</u>            |
| <b>Total Liabilities and Fund Balances</b> | <u>\$ 13,664,416</u> | <u>\$ 1,973,584</u> | <u>\$ 28,582</u>    | <u>\$ 409,105</u> | <u>\$ 16,075,687</u>        | <u>\$ 14,116,358</u>        |

See Notes to the Financial Statements.

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

EXHIBIT 4

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Years Ended June 30, 2016 and 2015

|  | General              | Special<br>Revenue | Capital<br>Projects | Debt<br>Service   | 2016<br><u>TOTAL</u> | 2015<br><u>TOTAL</u> |
|--|----------------------|--------------------|---------------------|-------------------|----------------------|----------------------|
| <b>REVENUES</b>  |                      |                    |                     |                   |                      |                      |
| Real Property Taxes  | \$ 17,486,344        | \$ -               | \$ -                | \$ -              | \$ 17,486,344        | \$ 16,859,582        |
| Other Tax Items/STAR Aid   | 2,600,678            | -                  | -                   | -                 | 2,600,678            | 2,539,897            |
| Charges for Services   | 71,079               | -                  | -                   | -                 | 71,079               | 99,068               |
| Use of Money and Property  | 34,372               | 199                | -                   | 295               | 34,866               | 32,689               |
| Sale of Property and Compensation for Loss   | 143,570              | -                  | -                   | -                 | 143,570              | 104,937              |
| Miscellaneous  | 732,926              | 11,673             | -                   | -                 | 744,599              | 447,928              |
| State Sources  | 17,783,007           | 3,173,378          | -                   | -                 | 20,956,385           | 17,625,522           |
| Federal Sources  | 110,854              | 2,180,959          | -                   | -                 | 2,291,813            | 1,701,223            |
| Surplus Food   | -                    | 60,708             | -                   | -                 | 60,708               | 55,324               |
| Sales (School Lunch)   | -                    | 75,047             | -                   | -                 | 75,047               | 268,696              |
| <b>Total Revenues</b>  | <u>38,962,830</u>    | <u>5,501,964</u>   | <u>-</u>            | <u>295</u>        | <u>44,465,089</u>    | <u>39,734,866</u>    |
| <b>EXPENDITURES</b>  |                      |                    |                     |                   |                      |                      |
| General Support  | 3,673,835            | 441,091            | -                   | -                 | 4,114,926            | 3,933,544            |
| Instruction  | 18,723,956           | 3,651,634          | -                   | -                 | 22,375,590           | 19,485,894           |
| Pupil Transportation   | 1,520,064            | 26,324             | -                   | -                 | 1,546,388            | 1,525,201            |
| Community Service  | 11,470               | -                  | -                   | -                 | 11,470               | 8,492.00             |
| Employee Benefits  | 9,519,978            | 915,699            | -                   | -                 | 10,435,677           | 10,446,675           |
| Debt Service   | 81,508               | -                  | -                   | 3,205,100         | 3,286,608            | 3,821,498            |
| Cost of Sales (School Lunch)   | -                    | 654,236            | -                   | -                 | 654,236              | 392,611              |
| Capital Outlay   | -                    | -                  | 517,919             | -                 | 517,919              | 456,808              |
| <b>Total Expenditures</b>  | <u>33,530,811</u>    | <u>5,688,984</u>   | <u>517,919</u>      | <u>3,205,100</u>  | <u>42,942,814</u>    | <u>40,070,723</u>    |
| <b>OTHER SOURCES AND USES</b>  |                      |                    |                     |                   |                      |                      |
| Bond Anticipation Notes Redeemed From Appropriations                                   | -                    | -                  | 80,515              | -                 | 80,515               | 592,308              |
| Interfund Transfers In   | -                    | 205,121            | 322,009             | 3,105,100         | 3,632,230            | 3,340,896            |
| Interfund Transfers (Out)  | (3,632,230)          | -                  | -                   | -                 | (3,632,230)          | (3,340,896)          |
| <b>Total Other Sources and (Uses)</b>  | <u>(3,632,230)</u>   | <u>205,121</u>     | <u>402,524</u>      | <u>3,105,100</u>  | <u>80,515</u>        | <u>592,308</u>       |
| <b>Excess (Deficiency) Revenues and Other Sources Over Expenditures and Other Uses</b> |                      |                    |                     |                   |                      |                      |
|  | <u>1,799,789</u>     | <u>18,101</u>      | <u>(115,395)</u>    | <u>(99,705)</u>   | <u>1,602,790</u>     | <u>256,451</u>       |
| <b>Fund Balance, Beginning of Year</b>   | 8,983,627            | -                  | (80,515)            | 508,810           | 9,411,922            | 9,032,524            |
| <b>Prior period adjustment</b>   | -                    | -                  | -                   | -                 | -                    | 122,947              |
| <b>Fund Balance, Beginning of Year, as restated</b>                                    | <u>8,983,627</u>     | <u>-</u>           | <u>(80,515)</u>     | <u>508,810</u>    | <u>9,411,922</u>     | <u>9,155,471</u>     |
| <b>Fund Balance, End of Year</b>   | <u>\$ 10,783,416</u> | <u>\$ 18,101</u>   | <u>\$ (195,910)</u> | <u>\$ 409,105</u> | <u>\$ 11,014,712</u> | <u>\$ 9,411,922</u>  |

See Notes to the Financial Statements.

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

EXHIBIT 5

STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2016 and 2015

|   | Private<br>Purpose Trust | Agency            | <u>2016</u><br>Total | <u>2015</u><br>Total |
|---|--------------------------|-------------------|----------------------|----------------------|
| <b>ASSETS</b>                             |                          |                   |                      |                      |
| Cash                                      | \$ 33,273                | \$ 181,250        | <b>\$ 214,523</b>    | \$ 210,310           |
| <b>Total Assets</b>                       | <b>\$ 33,273</b>         | <b>\$ 181,250</b> | <b>\$ 214,523</b>    | <b>\$ 210,310</b>    |
| <b>LIABILITIES</b>                        |                          |                   |                      |                      |
| Due to Other Funds                        | \$ -                     | \$ 105,530        | <b>\$ 105,530</b>    | \$ 105,103           |
| Extra Classroom Activities Balances       | -                        | 75,720            | <b>75,720</b>        | 76,496               |
| <b>Total Liabilities</b>                  | -                        | 181,250           | <b>181,250</b>       | 181,599              |
| <b>NET POSITION</b>                       |                          |                   |                      |                      |
| Reserved for Scholarships                 | 33,273                   | -                 | <b>33,273</b>        | 28,711               |
| <b>Total Net Position</b>                 | <b>33,273</b>            | -                 | <b>33,273</b>        | 28,711               |
| <b>Total Liabilities and Net Position</b> | <b>\$ 33,273</b>         | <b>\$ 181,250</b> | <b>\$ 214,523</b>    | <b>\$ 210,310</b>    |

See Notes to the Financial Statements

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## EXHIBIT 6

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
Years Ended June 30, 2016 and 2015

|  | <u>2016</u>                      | <u>2015</u>                      |
|--|----------------------------------|----------------------------------|
|  | <u>Private<br/>Purpose Trust</u> | <u>Private<br/>Purpose Trust</u> |
| <b>ADDITIONS</b>                       |                                  |                                  |
| Gifts and Contributions                | \$ 20,101                        | \$ 23,722                        |
| Investment Earnings                    | 61                               | 51                               |
| <b>Total Additions</b>                 | <u>20,162</u>                    | <u>23,773</u>                    |
| <b>DEDUCTIONS</b>                      |                                  |                                  |
| Scholarships and Awards                | <u>15,600</u>                    | <u>18,000</u>                    |
| <b>Total Deductions</b>                | <u>15,600</u>                    | <u>18,000</u>                    |
| <b>Changes in Net Position</b>         | 4,562                            | 5,773                            |
| <b>Net Position, Beginning of Year</b> | <u>28,711</u>                    | <u>22,938</u>                    |
| <b>Net Position, End of Year</b>       | <u><u>\$ 33,273</u></u>          | <u><u>\$ 28,711</u></u>          |

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

EXHIBIT 7

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

June 30, 2016

|   | TOTAL<br>GOVERNMENT<br>FUNDS | LONG-TERM<br>ASSETS,<br>LIABILITIES | RECLASSIFICATION<br>AND<br>ELIMINATIONS | STATEMENT OF<br>NET POSITION<br>TOTALS |
|---|------------------------------|-------------------------------------|---|--|
| <b>ASSETS</b>   |                              |                                     |   |  |
| Unrestricted Cash   | \$ 6,210,938                 | \$ -                                | \$ -                                    | \$ 6,210,938                           |
| Restricted Cash   | 4,911,146                    | -                                   | -                                       | 4,911,146                              |
| Accounts Receivable   | 964                          | -                                   | -                                       | 964                                    |
| Due from Other Funds  | 1,982,142                    | -                                   | (1,982,142)                             | -                                      |
| Due from Fiduciary Funds  | 105,530                      | -                                   | -                                       | 105,530                                |
| State & Federal Aid Receivable  | 2,233,878                    | -                                   | -                                       | 2,233,878                              |
| Due from Other Governments  | 585,439                      | -                                   | -                                       | 585,439                                |
| Inventories   | 18,101                       | -                                   | -                                       | 18,101                                 |
| Deposit, Electric Reserve   | 27,549                       | -                                   | -                                       | 27,549                                 |
| Capital Assets, Net   | -                            | 35,760,698                          | -                                       | 35,760,698                             |
| Net Pension Asset-Proportionate Share   | -                            | 9,021,301                           | -                                       | 9,021,301                              |
| <b>Total Assets</b>   | <b>16,075,687</b>            | <b>44,781,999</b>                   | <b>(1,982,142)</b>                      | <b>58,875,544</b>                      |
| <b>DEFERRED OUTFLOW OR RESOURCES</b>  |                              |                                     |   |  |
| Unamortized Defeasance Loss   | -                            | 242,500                             | -                                       | 242,500                                |
| Pensions  | -                            | 4,122,068                           | -                                       | 4,122,068                              |
| <b>Total Assets and Deferred Outflow of Resources</b>                         | <b>\$ 16,075,687</b>         | <b>\$ 49,146,567</b>                | <b>\$ (1,982,142)</b>                   | <b>\$ 63,240,112</b>                   |
| <b>LIABILITIES</b>  |                              |                                     |   |  |
| Accounts Payable and Accrued Expenses   | \$ 387,015                   | \$ -                                | \$ -                                    | \$ 387,015                             |
| Bond Anticipation Notes Payable   | -                            | -                                   | -                                       | -                                      |
| Due to Other Funds  | 1,982,142                    | -                                   | (1,982,142)                             | -                                      |
| Due to Other Governments  | 499,319                      | -                                   | -                                       | 499,319                                |
| Due to Teacher's Retirement System  | 2,010,896                    | -                                   | -                                       | 2,010,896                              |
| Due to Employee's Retirement System   | 179,768                      | -                                   | -                                       | 179,768                                |
| Bonds Payable   | -                            | 6,890,000                           | -                                       | 6,890,000                              |
| Bond Premium, net of Amortization   | -                            | 39,667                              | -                                       | 39,667                                 |
| Compensated Absences  | 1,835                        | 3,181,809                           | -                                       | 3,183,644                              |
| Other Post Employment Benefits  | -                            | 55,399,104                          | -                                       | 55,399,104                             |
| Net Pension Liability- Proportionate Share                                    | -                            | 2,259,199                           | -                                       | 2,259,199                              |
| <b>Total Liabilities</b>  | <b>5,060,975</b>             | <b>67,769,779</b>                   | <b>(1,982,142)</b>                      | <b>70,848,612</b>                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                              |                                     |   |  |
| Pensions  | -                            | 3,491,089                           | -                                       | 3,491,089                              |
| <b>FUND EQUITY/NET POSITION</b>   |                              |                                     |   |  |
| <b>Total Fund Equity/ Net Position</b>  | <b>11,014,712</b>            | <b>(22,114,301)</b>                 | <b>-</b>                                | <b>(11,099,589)</b>                    |
| <b>Total Liabilities, Deferred Inflows, and Fund Equity/<br/>Net Position</b> | <b>\$ 16,075,687</b>         | <b>\$ 49,146,567</b>                | <b>\$ (1,982,142)</b>                   | <b>\$ 63,240,112</b>                   |

See Notes to the Financial Statements

**RECONCILIATION OF GOVERNMENTAL FUNDS - REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES**

Year Ended June 30, 2016

|  | TOTAL<br>GOVERNMENT<br>FUNDS | LONG-TERM<br>REVENUE<br>EXPENSES | CAPITAL<br>RELATED<br>ITEMS | LONG-TERM<br>DEBT<br>TRANSACTION | RECLASSIFICATION<br>AND<br>ELIMINATIONS | STATEMENT OF<br>ACTIVITIES<br>TOTALS |
|--|------------------------------|----------------------------------|-----------------------------|----------------------------------|---|--------------------------------------|
| <b>REVENUES</b>                            |                              |                                  |                             |                                  |   |                                      |
| Real Property Taxes                        | \$ 17,486,344                | \$ -                             | \$ -                        | \$ -                             | \$ -                                    | \$ 17,486,344                        |
| Other Tax Items/STAR Aid                   | 2,600,678                    | -                                | -                           | -                                | -                                       | 2,600,678                            |
| Charges for Services                       | 71,079                       | -                                | -                           | -                                | -                                       | 71,079                               |
| Use of Money and Property                  | 34,866                       | -                                | -                           | -                                | -                                       | 34,866                               |
| Sale of Property and Compensation for Loss | 143,570                      | -                                | -                           | -                                | -                                       | 143,570                              |
| Miscellaneous                              | 744,599                      | -                                | -                           | -                                | -                                       | 744,599                              |
| State Sources                              | 20,956,385                   | -                                | -                           | -                                | -                                       | 20,956,385                           |
| Federal Sources                            | 2,291,813                    | -                                | -                           | -                                | -                                       | 2,291,813                            |
| Surplus Food                               | 60,708                       | -                                | -                           | -                                | -                                       | 60,708                               |
| Sales (School Lunch)                       | 75,047                       | -                                | -                           | -                                | -                                       | 75,047                               |
| <b>Total Revenues</b>                      | <b>44,465,089</b>            | <b>-</b>                         | <b>-</b>                    | <b>-</b>                         | <b>-</b>                                | <b>44,465,089</b>                    |
| <b>EXPENDITURES</b>                        |                              |                                  |                             |                                  |   |                                      |
| General Support                            | 4,114,926                    | (80,485)                         | 112,310                     | -                                | -                                       | 4,146,751                            |
| Instruction                                | 22,375,590                   | -                                | 288,898                     | -                                | -                                       | 22,664,488                           |
| Pupil Transportation                       | 1,546,388                    | -                                | 212,119                     | -                                | -                                       | 1,758,507                            |
| Community Service                          | 11,470                       | -                                | (5,336)                     | -                                | -                                       | 6,134                                |
| Employee Benefits                          | 10,435,677                   | 4,322,106                        | -                           | -                                | -                                       | 14,757,783                           |
| Debt Service                               | 3,286,608                    | 56,218                           | -                           | (2,920,000)                      | (80,515)                                | 342,311                              |
| Cost of Sales (School Lunch)               | 654,236                      | -                                | -                           | -                                | -                                       | 654,236                              |
| Capital Outlay                             | 517,919                      | -                                | (517,919)                   | -                                | -                                       | -                                    |
| <b>Total Expenditures</b>                  | <b>42,942,814</b>            | <b>4,297,839</b>                 | <b>90,072</b>               | <b>(2,920,000)</b>               | <b>(80,515)</b>                         | <b>44,330,210</b>                    |
| <b>OTHER SOURCES AND USES</b>              |                              |                                  |                             |                                  |   |                                      |
| Bond Anticipation Notes Redeemed           | 80,515                       | -                                | -                           | -                                | (80,515)                                | -                                    |
| Operating Transfers In                     | 3,632,230                    | -                                | -                           | -                                | (3,632,230)                             | -                                    |
| Operating Transfers (Out)                  | (3,632,230)                  | -                                | -                           | -                                | 3,632,230                               | -                                    |
| <b>Total Other Sources and Uses</b>        | <b>80,515</b>                | <b>-</b>                         | <b>-</b>                    | <b>-</b>                         | <b>(80,515)</b>                         | <b>-</b>                             |
| <b>Net Change for the Year</b>             | <b>\$ 1,602,790</b>          | <b>\$ (4,297,839)</b>            | <b>\$ (90,072)</b>          | <b>\$ 2,920,000</b>              | <b>\$ -</b>                             | <b>\$ 134,879</b>                    |

See Notes to the Financial Statements



## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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#### Note 1. Summary of Significant Accounting Policies

The general purpose financial statements of Beekmantown Central School District have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles.

- A. Financial Reporting Entity: The Beekmantown Central School District Board of Education is the basic level of government, which has financial accountability and control over all activities related to the District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

The general-purpose financial statements include all funds of the District as well as the component units and other organizational entities determined to be includable in the District's financial reporting entity

- B. Extraclassroom Activity Funds - The Extraclassroom Activity Funds of the Beekmantown Central School 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. The cash and investment balances are reported in the Fiduciary Funds of the District. Separate audited general financial statements (cash basis) of the Extraclassroom Activity Funds can be found attached to the general-purpose financial statements.
- C. Joint Venture - The Beekmantown Central School District is one of 17 component school districts in the Clinton/Essex/Warren/Washington Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services and programs which provide educational and support activities.

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

A BOCES budget is comprised of separate budgets for administrative, program, and capital cost. 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).

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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#### Note 1. Summary of Significant Accounting Policies (continued)

During the year ended June 30, 2016, the District was billed \$3,241,340 for BOCES administrative and program cost and received \$1,163,498 representing the District's share of BOCES aid. BOCES also refunded the District \$197,093 for excess expenses billed in prior years.

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

#### D. Basis of presentation

##### 1. District-Wide 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 nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of good or services offered by the programs, and grants and contributions that are restricted to meeting the operations 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 Functional 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. Non-major funds are aggregated and presented in a single column. Beekmantown Central School District elects to report all governmental funds as major funds.

Governmental Fund Types: Governmental funds are those funds used to account for, and report, the operations of the District. The acquisition, use and balances of financial resources and related assets and liabilities are reported

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### Note 1. Summary of Significant Accounting Policies (continued)

therein. The measurement focus is the determination of changes in financial position rather than net income determination. The following funds and aggregate governmental fund types are employed in accounting for and reporting District operations:

General Fund - the general fund is the principal operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

Special Aid Fund - used to account for Federal and State special program activities.

School Lunch Fund- used to account for transactions for the District food service programs.

Capital Projects Fund - the capital projects funds are to account for and report financial resources to be used for acquisition, construction or renovation of major capital facilities, or equipment.

Debt Service Fund – the debt service fund is used to account for the financial resources used for acquisition, construction, or major repairs of capital facilities.

Fiduciary Fund Types: Fiduciary fund types consist of private purpose trust funds and agency funds and are used to account for and report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. Private purpose funds include scholarship funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Assets are held by the District as agent for various student groups or extra classroom activity funds and for payroll or employee withholding. 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.

#### E. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using 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 a modified accrual

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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#### Note 1. Summary of Significant Accounting Policies (continued)

basis, revenue from property taxes is recognized by estimating how much will be collected during the ensuing fiscal year. Revenue from grants and donations is in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the subsequent fiscal year.

Expenditures are recorded when the related fund liability is incurred except for:

- a. Prepaids and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences, such as sick leave, which vests or accumulates, are charged as an expenditure when paid.
- d. Pension costs are recognized as an expenditure when billed by the state.
- e. The District recognizes the cost of providing post-retirement health insurance coverage and survivor benefits by recording its share of insurance premiums as an expenditure in the year paid.

F. Cash and Cash Equivalents: For financial statement purposes, all highly liquid investments having maturities of three months or less are considered as cash equivalents.

G. Inventories: Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis or in the case of surplus food, at stated value, which approximates market. Purchases of items (which could be inventoried) in other funds are recorded as expenditures at the time of purchase.

H. Capital Assets: Acquisitions of equipment and capital facilities are treated as expenditures in the various funds of the District, and are capitalized when cost of acquisition exceeds \$1,500. The assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are reported at estimated fair market value at the time received.

I. Unearned Revenue: Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenues

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### Note 1. Summary of Significant Accounting Policies (continued)

is removed and revenues are recognized.

- J. Deferred Compensation: Employees of the District may elect to participate in an Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.
- K. Post-Employment Benefits: In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. The cost of providing post-retirement benefits is paid by the District or is shared between the District and the retired employee, depending on length of service and/or classification of employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums for retirees and their dependents as an expenditure or operating transfer to other funds in the General Fund in the year paid.
- L. Property Taxes: Real property taxes are levied annually by the Board of Education no later than September 1st. Uncollected real property taxes are subsequently enforced by the County of Clinton. An amount representing uncollected real property taxes is transmitted to the county for enforcement and is paid by the county to the District no later than the forthcoming April 1st.
- M. Equity Classifications:

District- wide statements:

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

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

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

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.

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.

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### Note 1. Summary of Significant Accounting Policies (continued)

Fund statements:

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

**Non-spendable** fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$18,101.

**Restricted** – 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 School District has established the following restricted fund balances:

#### Capital

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. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

#### Employee Benefits Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit 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.

#### Unemployment Insurance

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

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### Note 1. Summary of Significant Accounting Policies (continued)

#### Tax Certiorari

According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that 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 proceedings 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.

#### Workers' Compensation

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 gets applied to appropriations of the next succeeding fiscal year's budget.

#### Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

#### Insurance

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 appropriations 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.

#### 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, since they do not constitute expenditures or liabilities and will be honored through

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### Note 1. Summary of Significant Accounting Policies (continued)

budget appropriations in the subsequent year.

**Committed** – Includes amounts that can only be used for 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 School District has no committed fund balances as of June 30, 2016.

**Assigned** – Includes amounts that are constrained by the school 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 in the General Fund. Encumbrances reported in the General Fund and Cafeteria fund amounted to \$740,779 and \$230, respectively.

**Unassigned** – Includes all other General Fund net position that do not meet the definition of the above four classifications and are deemed to be available for general use by the 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 School 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.

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, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

#### N. Budgetary Procedures and Budgetary Accounting

1. Budget Policies - The District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:  
General Fund

The voters within the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program level.

Appropriations established by the adoption of the budget constitute a limitation



# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### Note 1. Summary of Significant Accounting Policies (continued)

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. Supplemental appropriations may occur subject to legal restrictions, if the board approves them because of a need that exists which was not determined at the time the budget was adopted.

2. Budget Basis of Accounting - Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. The budget and actual comparison for the General Fund, included in the Combined Statement of Revenues and Expenditures - Budget and Actual, reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

#### P. Events Occurring After Reporting Date

The District has evaluated events and transactions that occurred between June 30, 2016 and September 21, 2016, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

#### Q. 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.

#### R. Reclassifications

Certain amounts in the 2015 financial statements may have been reclassified to conform to the 2016 presentation.

#### S. 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 (expense/expenditure) until then. The government has 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.

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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#### Note 1. Summary of Significant Accounting Policies (continued)

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 system not included in pension expense. Lastly, are the District's contributions to the pension systems (TRS and ERS Systems ) subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a 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 has one item that qualifies for reporting in this category and it relates 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 the pension expense.

#### Pension Obligations

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems.)

#### Plan Descriptions and Benefits Provided

##### **Teachers' Retirement System (TRS)**

The District participates in the New York 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 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 which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**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 State statute. The District also participated in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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:

CONTRIBUTIONS

|      | ERS        | TRS          |
|------|------------|--------------|
| 2016 | \$ 643,813 | \$ 2,328,054 |
| 2015 | \$ 645,261 | \$ 2,071,004 |
| 2014 | \$ 681,796 | \$ 1,542,183 |

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

Pension Liabilities, Pension Expense, and Deferred Outflow 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, 2015 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 System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

|   | <u>ERS</u>     | <u>TRS</u>   |
|---|----------------|--------------|
| Actuarial Valuation Date  | 3/31/2016      | 6/30/2015    |
| Net Pension asset/(liability)   | \$ (2,259,199) | \$ 9,021,301 |
| District's portion of the Plan's total<br>net pension asset/(liability) | 0.0140758%     | 0.086853%    |

For the year ended June 30, 2016, the District's recognized pension expense of \$799,250 for ERS and the Actuarial value (\$604,642) for TRS. At June 30, 2016 the District's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> |                     | <u>Deferred Inflows<br/>of Resources</u> |                     |
|---|---|---------------------|--|---------------------|
|   | <u>ERS</u>                                | <u>TRS</u>          | <u>ERS</u>                               | <u>TRS</u>          |
| Differences between expected<br>and actual experience   | \$ 11,416                                 | \$ -                | \$ 267,790                               | \$ 250,019          |
| Changes of assumptions  | 602,460                                   | -                   | -  | -                   |
| Net difference between projected and<br>actual earnings on pension plan investments                                       | 1,340,281                                 | -                   | -  | 2,851,680           |
| Changes in proportion and differences<br>between the Districts' contributions and<br>proportionate share of contributions | 25,482                                    | 9,960               | 44,591                                   | 77,009              |
| District's contributions subsequent to<br>the measurement date  | 179,768                                   | 1,952,701           | -  | -                   |
| Total   | <u>\$ 2,159,407</u>                       | <u>\$ 1,962,661</u> | <u>\$ 312,381</u>                        | <u>\$ 3,178,708</u> |

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Note 1. Summary of Significant Accounting Policies (continued)**

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

|             | <u>ERS</u>          | <u>TRS</u>           |
|-------------|---------------------|----------------------|
| Year ended: |                     |                      |
| 2016        | \$ -                | \$(1,158,219)        |
| 2017        | 419,864             | (1,158,219)          |
| 2018        | 419,864             | (1,158,219)          |
| 2019        | 419,864             | 466,223              |
| 2020        | 407,666             | (39,188)             |
| Thereafter  | -                   | (121,126)            |
| Total       | <u>\$ 1,667,258</u> | <u>\$(3,168,748)</u> |

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 to total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

|                          | <u>ERS</u>  | <u>TRS</u>  |
|--------------------------|---|---|
| Measurement date         | 3/31/2016   | 6/30/2015   |
| Actuarial valuation date | 4/1/2015  | 6/30/2014   |
| Interest rate            | 7.0%  | 8.0%  |
| Salary scale             | 3.8%  | 4.01%-10.91%  |
| Decrement tables         | April1, 2010-<br>March 31, 2015<br>System's<br>Experience | July 1, 2005-<br>June 30,2010<br>System<br>Experience |
| Inflation rate           | 2.5%  | 3.0%  |

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-2014. For TRS, annuitant mortality rates are based on July 1, 2005 – June 20, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### Note 1. Summary of Significant Accounting Policies (continued)

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 build 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 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 below:

| Measurement Date                 | <u>ERS</u> | <u>TRS</u> |
|----------------------------------|------------|------------|
|                                  | 3/31/2016  | 6/30/2015  |
| Asset Type:                      | %          | %          |
| Domestic equity                  | 7.30       | 6.5        |
| International equity             | 8.55       | 7.7        |
| Private equity                   | 11.00      | -          |
| Real estate                      | 8.25       | 4.6        |
| Absolute return strategies       | 6.75       | -          |
| Alternative investments          | -          | 9.9        |
| Domestic fixed income securities | -          | 2.1        |
| Global fixed income securities   | -          | 1.9        |
| Mortgages and bonds              | 4.00       | 3.4        |
| Opportunistic portfolio          | 8.60       | -          |
| Real assets                      | 8.65       | -          |
| Cash                             | 2.25       | -          |
| Inflation-indexed bonds          | 4.00       | -          |
| Short-term                       | -          | 1.2        |

#### Discount Rate

The discount rate used to calculate the total pension liability was 7% 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.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 1. Summary of Significant Accounting Policies (continued)**

Sensitivity of the Proportionate Share for 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% for ERS and 8% for TRS, as well as what the Districts' proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1% lower (6% for ERS and 7% for TRS) or 1% higher (8% for ERS and 9% for TRS) than the current rate:

| ERS   | 1%<br>Decrease<br>6% | Current<br>Assumption<br>7% | 1%<br>Increase<br>8% |
|---|----------------------|-----------------------------|----------------------|
| Employer's proportionate share of the net pension asset (liability) | \$ (5,094,330)       | \$ (2,259,199)              | \$ 136,365           |

| TRS   | 1%<br>Decrease<br>7% | Current<br>Assumption<br>8% | 1%<br>Increase<br>9% |
|---|----------------------|-----------------------------|----------------------|
| Employer's proportionate share of the net pension asset (liability) | \$ (615,369)         | \$ 9,021,301                | \$ 17,239,357        |

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:

|  | ERS                  | TRS                     | Total                   |
|--|----------------------|-------------------------|-------------------------|
| Valuation date   | 3/31/2016            | 6/30/2015               |                         |
| Employers' total pension asset/(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>\$10,371,762,637</u> |
| Ratio of plan net position to the<br>Employers' total pension asset/ (liability) | -90.70%              | -110.46%                | -110.42%                |

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### Note 1. Summary of Significant Accounting Policies (continued)

June 30, 2016 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions as of June 30, 2016 amounted to \$179,768.

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 for the fiscal year ended June 30, 2016 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contribution for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2016 amounted to \$2,010,896.

#### T. New Accounting Standards:

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2016:

### Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources of the governmental funds.

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

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

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

|                                 |                             |
|---------------------------------|-----------------------------|
| Original cost of capital assets | \$ 56,275,244               |
| Accumulated depreciation        | <u>20,514,546</u>           |
| Capital assets, net             | <u><u>\$ 35,760,698</u></u> |

Because the governmental funds focus on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables)



# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

are offset by deferred revenue in the governmental funds, and thus are not included in the fund balance. They are, however, included in the net position of the governmental activities. As of June 30, 2016 the District did not have any assets unavailable to pay for current-period expenditures.

Long-term liabilities are reported in the Statements of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

|  |                      |
|--|----------------------|
| Bonds payable and other long-term debt | \$ 6,890,000         |
| Compensated absences                   | 3,181,809            |
| Other post employment benefits         | 55,399,104           |
|  | <u>\$ 65,470,913</u> |

#### B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities.

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

##### 1. Long-Term Revenue Differences

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

##### 2. Capital Related Differences

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

##### 3. Long-Term Debt Transaction Differences

Long-term debt transaction differences occur as a result of proceeds from serial bonds reflected as revenue in governmental funds whereas they are a liability on the statement of net position. Also both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)**

4. Other Post-Employment Benefits

Other post-employment benefits occur because retiree health insurance premiums are paid and recorded as expenditures in the governmental fund statements as incurred. GASB 45 requires an actuarial calculation of the future liability and to record the Net OPEB Obligation in the Statement of Net Position.

5. Pension Differences

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

Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities

Total Revenues and other Funding Sources

**Revenues:**

|  |                      |
|--|----------------------|
| Total Revenue reported in Governmental Funds (Exhibit 4) | \$ 44,465,089        |
| No current year adjustments                              | <u>-</u>             |
| Total Revenues Statement of Activities (Exhibit 8)       | <u>\$ 44,465,089</u> |

**Expenditures:**

|   |               |
|---|---------------|
| Total expenditures reported in governmental funds (Exhibit 4) | \$ 42,942,814 |
|---|---------------|

In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences used during the year exceeded the amount earned. (15,758)

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital expenditures in the current year. (Exhibit 8) 90,072

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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**Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)**

|  |                      |
|--|----------------------|
| Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not effect the Statement of Activities, (Exhibit 8)   | (2,920,000)          |
| Amortization of deferred interest  | 60,625               |
| Amortization of bond premium   | (4,407)              |
| A Tax Certiorari Settlement for \$80,485 was paid in the current period, but was a long-term liability reported in the Statement of Net Position in the prior year.  | (80,485)             |
| The payment of Other Post-Employment Benefits (OPEB) is recorded in the governmental funds as expenditures when incurred. However, in the Statement of Activities, the current cost plus the actuarial cost of future benefits are combined and recognized as an expense. This is the amount by which the Annual OPEB Cost exceeded the premiums paid. | 6,695,905            |
| Repayment of bond anticipation notes is an expenditure in the General Fund and other sources of income in the Capital Project's Fund. A reclassifying entry to offset these amounts reduces both expenditures and other sources of income in the Statement of Activities. (Exhibit 8)  | (80,515)             |
| (Increases) decreases 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 governmental funds.   |                      |
| Teachers' Retirement System  | (2,524,360)          |
| Employees' Retirement System   | 166,319              |
|  | <hr/>                |
| Total expenses of governmental activities in the Statement of Activities (Exhibit 2)   | <u>\$ 44,330,210</u> |
| <u>Other Sources and Uses:</u>   |                      |
| Total other sources and uses in government funds (Exhibit 4)   | \$ 80,515            |
| Proceeds from long term debt are other sources of income in the and other sources of income in the Capital Project's fund. A reclassifying entry to offset these amounts reduces both expenditures and other sources of income in the Statement of Activities. (Exhibit 8)   | (80,515)             |
|  | <hr/>                |
| Total other sources and uses in Statement of Activities (Exhibit 8)  | <u>\$ -</u>          |

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### Note 3. Cash and Investments

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

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

At June 30, 2016, the District's bank balances totaled \$12,316,489 of which, \$250,000 was covered by Federal depository insurance \$12,066,489 was covered by collateral held by the pledging banks in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2016 was \$4,911,146.

### Note 4. Interfund Balances and Activity

Interfund balances and activity at June 30, 2016 and for the fiscal year then ended, were as follows:

| Fund Type        | Interfund<br>Receivable | Interfund<br>Payable | Interfund<br>Revenues | Interfund<br>Expenditures |
|------------------|-------------------------|----------------------|-----------------------|---------------------------|
| General          | \$ 1,531,797            | \$ -                 | \$ -                  | \$ 3,632,230              |
| Capital          | -                       | 224,492              | 322,009               | -                         |
| Special Revenue: |                         |                      |                       |                           |
| School Lunch     | -                       | 91,177               | 157,092               | -                         |
| Special Aid      | 146,770                 | 1,666,473            | 48,029                | -                         |
| Debt Service     | 409,105                 | -                    | 3,105,100             | -                         |
| Trust and Agency | -                       | 105,530              | -                     | -                         |
| Total            | \$ 2,087,672            | \$ 2,087,672         | \$ 3,632,230          | \$ 3,632,230              |

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District typically transfers money from the General Fund to the Debt Service Fund, where it makes principal and interest payments on the District's bonds.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

The School District typically transfers money from the General Fund to the Special Aid Fund for its share of special aid programs.

All interfund payables are expected to be repaid within one year.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 5. Capital Assets**

The following is a summary of changes in capital assets:

|   | June 30, 2015 |              | Retirements/<br>Reclassifications | June 30, 2016 |
|---|---------------|--------------|-----------------------------------|---------------|
|   | Balance       | Additions    |                                   | Balance       |
| Governmental Activities                     |               |              |                                   |               |
| Capital Assets that<br>are not Depreciated: |               |              |                                   |               |
| Land  | \$ 73,608     | \$ -         | \$ -                              | \$ 73,608     |
| Construction in Progress                    | -             | 195,910      | -                                 | 195,910       |
| Total Nondepreciable Historical Cost        | 73,608        | \$ 195,910   | \$ -                              | \$ 269,518    |
| Capital Assets that<br>are Depreciated:     |               |              |                                   |               |
| Buildings                                   | \$ 48,653,438 | \$ 9,039     | \$ -                              | \$ 48,662,477 |
| Machinery and Equipment                     | 6,600,055     | 1,046,570    | (303,376)                         | 7,343,249     |
| Total Depreciable Historical Cost           | 55,253,493    | 1,055,609    | (303,376)                         | 56,005,726    |
| Less Accumulated Depreciation:              |               |              |                                   |               |
| Buildings                                   | 14,791,961    | 907,758      | -                                 | 15,699,719    |
| Machinery and Equipment                     | 4,684,370     | 433,833      | (303,376)                         | 4,814,827     |
| Total Accumulated Depreciation              | 19,476,331    | 1,341,591    | (303,376)                         | 20,514,546    |
| Total Depreciable Historical Cost, Net      | \$ 35,777,162 | \$ (285,982) | \$ -                              | \$ 35,491,180 |
| Total Capital Assets, Net                   | \$ 35,850,770 | \$ (90,072)  | \$ -                              | \$ 35,760,698 |

Depreciation was charged to governmental functions as follows:

|                      | 6/30/2016    |
|----------------------|--------------|
| General support      | \$ 266,580   |
| Instruction          | 799,742      |
| Pupil transportation | 275,269      |
|                      | \$ 1,341,591 |

**Note 6. Compensated Absences**

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

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

District employees are granted vacation in varying amounts, based primarily on length of service and service position.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Note 6. Compensated Absences (continued)**

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 fund 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.

**Note 7. Indebtedness**

Short-term Debt:

Bond Anticipation Notes – Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. Although the District’s bus purchase BANs mature in one year, each year the School District pays only one-fifth of the original amount of the BAN and renews the balance due so that the entire amount is paid off in five years. The School District has one BAN as described above. The interest rate on the BAN is .99%. The BAN had an outstanding balance of \$0 at June 30, 2016.

The following is a summary of changes in short-term debt:

|                         | <u>6/30/2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>6/30/2016</u> |
|-------------------------|------------------|------------------|------------------|------------------|
| Bond Anticipation Notes | \$ 80,515        | \$ -             | \$ 80,515        | \$ -             |

BANs are comprised of the following:

| <u>Payee</u>                                | <u>Interest Rate</u> | <u>Date Issued</u> | <u>Maturity Date</u> | <u>Purpose</u> | <u>Balance 6/30/2016</u> |
|---|----------------------|--------------------|----------------------|----------------|--------------------------|
| Glens Falls National Bank and Trust Company | 0.99%                | 8/5/2014           | 8/6/2015             | Bus Purchases  | <u>\$ -</u>              |

Interest expense on the District’s BAN obligations amounted to \$992 for 2015-2016.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Note 7. Indebtedness (continued)**

Long-term Debt: Interest expense on the District's bond obligations amounted to \$285,100 for 2015-2016.

The following is a summary of changes in long-term debt:

|                                | Balance<br>6/30/2015 | Additions           | Deletions           | Balance<br>6/30/2016 |
|--------------------------------|----------------------|---------------------|---------------------|----------------------|
| Serial Bonds                   | \$ 9,810,000         | \$ -                | \$ 2,920,000        | \$ 6,890,000         |
| Compensated Absences           | 3,197,567            | -                   | 15,758              | 3,181,809            |
| Other Post Employment Benefits | 48,703,199           | 6,695,905           | -                   | 55,399,104           |
| Total                          | <u>\$ 61,710,766</u> | <u>\$ 6,695,905</u> | <u>\$ 2,935,758</u> | <u>\$ 65,470,913</u> |

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

Serial Bonds are comprised of the following:

| Description of Issue | Issue Date | Maturity<br>Date | Interest<br>Rate | Outstanding<br>at 6/30/16 |
|----------------------|------------|------------------|------------------|---------------------------|
| Serial Bond          | 5/10/2012  | 6/30/2020        | 2.0-5.0%         | \$ 2,950,000              |
| Serial Bond          | 7/5/2013   | 6/15/2025        | 2.0-4.0%         | 2,855,000                 |
| Serial Bond          | 5/1/2014   | 5/1/2030         | 2.5-3.125%       | 1,085,000                 |
| Total                |            |                  |                  | <u>\$ 6,890,000</u>       |

The following is a summary of debt service requirements for General Obligation Bonds, Notes and other long-term debt:

| Fiscal Year Ending June 30: | Principal           | Interest            | Total               |
|-----------------------------|---------------------|---------------------|---------------------|
| 2017                        | \$ 1,690,000        | \$ 226,375          | \$ 1,916,375        |
| 2018                        | 890,000             | 151,888             | 1,041,888           |
| 2019                        | 905,000             | 133,563             | 1,038,563           |
| 2020                        | 920,000             | 114,937             | 1,034,937           |
| 2021                        | 385,000             | 87,512              | 472,512             |
| 2022-2026                   | 1,765,000           | 225,300             | 1,990,300           |
| 2027-2031                   | 335,000             | 248,000             | 583,000             |
|                             | <u>\$ 6,890,000</u> | <u>\$ 1,187,575</u> | <u>\$ 8,077,575</u> |

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$7,995,000 of bonds outstanding are considered defeased.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Note 8. Post-Employment Benefits**

The District provides post-employment (health 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. Post-employment benefits aggregating \$2,475,826 for 305 employees were charged to expenses/ expenditures in the Governmental Funds in the current year.

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

The District has obtained an actuarial valuation report for the year ended June 30, 2016, which indicates that the total liability for other post-employment benefits is \$55,399,104, which is reflected in the Statement of Net Position.

Annual OPEB Cost and Net OPEB Obligation: The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 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:

|  | <u>6/30/2016</u>     | <u>6/30/2015</u>     | <u>6/30/2014</u>     |
|--|----------------------|----------------------|----------------------|
| Annual required contribution               | \$ 10,296,985        | \$ 10,126,489        | \$ 9,522,736         |
| Interest on net OPEB obligation            | 1,948,128            | 1,679,169            | 1,433,586            |
| Adjustment to annual required contribution | <u>(3,152,083)</u>   | <u>(2,647,389)</u>   | <u>(2,205,929)</u>   |
| Annual OPEB cost (expense)                 | 9,093,030            | 9,158,269            | 8,750,393            |
| Contributions made                         | <u>(2,397,125)</u>   | <u>(2,434,291)</u>   | <u>(2,610,818)</u>   |
| Increase in net OPEB obligation            | 6,695,905            | 6,723,978            | 6,139,575            |
| Net OPEB obligation - beginning of year    | <u>48,703,199</u>    | <u>41,979,221</u>    | <u>35,839,646</u>    |
| Net OPEB obligation - end of year          | <u>\$ 55,399,104</u> | <u>\$ 48,703,199</u> | <u>\$ 41,979,221</u> |
| <br>                                       |                      |                      |                      |
| Annual OPEB Cost                           | \$ 9,093,030         | \$ 9,158,269         | \$ 8,750,393         |
| Percentage of Annual OPEB Cost Contributed | 26.4%                | 26.6%                | 29.8%                |
| Net OPEB Obligation at end of year         | \$ 55,399,104        | \$ 48,703,199        | \$ 41,979,221        |



## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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#### Note 8. Post-Employment Benefits (continued)

Funding Status and Funding Progress: As of June 30, 2016, the actuarial accrued liability for benefits was \$93,025,057 all of which was unfunded. The covered payroll for all active employees was \$19,381,310, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 480%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary 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 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 include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The 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.

The following simplifying assumptions were made:

Retirement age for active employees – Retirement age was based on the experience under the NYS & Local Retirement System.

Marital status – It is assumed that 70% of retirees will be married at the time of their retirement.

Mortality – Life expectancies were based on The RPH-2014 Headcount Weighted Mortality Table for males and females.

Turnover – Turnover was based on the experience under the NYS & Local Retirement System.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was initially set at 6.5% using the SOA Long-Run Medical Cost Trend Model.

Discount rate – A 4% discount was used.

The unfunded actuarial accrued liability is being amortized over a level period of 30 years. The remaining amortization period at June 30, 2016 was 22 years.

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### Note 9. Assigned Fund Balance – Other

Assigned Fund Balance – Other includes year end encumbrances as follows:

| <u>General Fund</u>                 | <u>2016</u>       | <u>2015</u>       |
|-------------------------------------|-------------------|-------------------|
| Board of Education                  | \$ -              | \$ 5,580          |
| Central Admin                       | 415               | 3,530             |
| Finance                             | 24,788            | 18,463            |
| Staff                               | 3,500             | 27,570            |
| Central Services                    | 480,575           | 274,619           |
| Special Items                       | -                 | 346               |
| Instruction Admin & Improvement     | -                 | 10,943            |
| Teaching                            | 91,328            | 173,428           |
| Programs for Children with Handicap | 24,231            | 6,329             |
| Instructional Media                 | 14,028            | 2,096             |
| Pupil Services                      | 6,488             | 9,516             |
| Pupil Transportation                | 12,770            | 3,116             |
| Employee Benefits                   | 82,656            | 258,518           |
|                                     | <u>740,779</u>    | <u>794,054</u>    |
| <br><u>Cafeteria</u>                |                   |                   |
| School lunch                        | 230               | -                 |
|                                     | <u>\$ 741,009</u> | <u>\$ 794,054</u> |

### Note 10. Commitments and Contingencies

Risk Financing and Related Insurance - The Beekmantown Central School District is exposed to the risk of various types of loss which includes torts; theft of, damage to, and destruction of assets; and injuries to employees and students. These risks, and settled claims, 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.

The District incurs costs related to an employee health insurance plan (Plan) sponsored by Clinton-Essex-Warren-Washington BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risk reinsured. 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.

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

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### Note 10. Commitments and Contingencies (continued)

Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The District is a defendant in certain lawsuits arising out of the ordinary course of business. While the outcome of lawsuits and other proceedings against the District cannot be predicted with certainty, the District does not expect that these matters will have a material adverse effect on its financial position.

The District has received Federal and State Aid/Grants which are subject to audit by agencies of the Federal and State governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. The District believes disallowances, not previously provided for, if any, will be immaterial.

Operating Leases - The District leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2016 were approximately \$5,565.

Estimated future rents to be paid under this lease are as follows:

| <u>Year Ended June 30,</u> | <u>Amount</u>    |
|----------------------------|------------------|
| 2017                       | \$ 5,564         |
| 2018                       | 5,564            |
| 2019                       | 5,565            |
| 2020                       | <u>1,855</u>     |
| Total                      | <u>\$ 18,548</u> |

Litigation – The District is aware of various petitions for tax certiorari proceedings which if successful would expose the district to significant tax refunds to the landowners. A reserve for tax certiorari is established and funded for \$1,283,999. The District is aware of petitions totaling \$1,283,999.

### Note 11. Stewardship, Compliance and Accountability

The District's unassigned general fund balance was in excess of the New York State Real Property Tax Law Section 1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The unassigned fund balance at June 30, 2016 was \$3,960,073 which represents 9.84% of next year's budget. The excess amounted to \$2,349,835.

The Capital Projects Fund had a deficit fund balance of \$195,910. This will be funded when the District obtains permanent financing for its current construction project.

The Board of Education appropriated a transfer from the General Fund to the school lunch fund for the 2016 year in the amount of \$157,092 to bring the fund balance to a positive amount.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**Note 12. Prior Period Information**

Comparative prior period information has been presented in summary form. This information was derived from the District's June 30, 2015 financial statements, and in our report dated September 25, 2015 we expressed an unmodified opinion.

**Note 13. Subsequent Events**

Subsequent to June 30, 2016, the District received several tax certiorari claims which total approximately \$793,399. A Board resolution transferred \$793,399 from Unassigned Fund Balance to the Tax Certiorari Reserve.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS**

June 30, 2016 and 2015

|   | Special Aid         | School Lunch      | <b>2016<br/>Total</b> | 2015<br>Total     |
|---|---------------------|-------------------|-----------------------|-------------------|
| <b>ASSETS</b>                             |                     |                   |                       |                   |
| Unrestricted Cash                         | \$ 296,701          | \$ 10,077         | <b>\$ 306,778</b>     | \$ 129,431        |
| Account Receivable                        | -                   | 587               | <b>587</b>            | 5,253             |
| State and Federal Aid Receivable          | 1,411,482           | 89,866            | <b>1,501,348</b>      | 539,678           |
| Due from Other Funds                      | 146,770             | -                 | <b>146,770</b>        | 101,648           |
| Inventories                               | -                   | 18,101            | <b>18,101</b>         | 17,343            |
| <b>Total Assets</b>                       | <b>\$ 1,854,953</b> | <b>\$ 118,631</b> | <b>\$ 1,973,584</b>   | <b>\$ 793,353</b> |
| <b>LIABILITIES AND FUND BALANCE</b>       |                     |                   |                       |                   |
| Liabilities:                              |                     |                   |                       |                   |
| Accounts Payable and Accrued Expenses     | \$ 184,042          | \$ 9,274          | <b>\$ 193,316</b>     | \$ 161,007        |
| Due to Other Funds                        | 1,666,473           | 91,177            | <b>1,757,650</b>      | 630,845           |
| Due to Other Governments                  | 4,438               | 79                | <b>4,517</b>          | 1,501             |
| <b>Total Liabilities</b>                  | <b>1,854,953</b>    | <b>100,530</b>    | <b>1,955,483</b>      | <b>793,353</b>    |
| Fund Balance:                             |                     |                   |                       |                   |
| Nonspendable                              |                     |                   |                       |                   |
| Inventories                               | -                   | 18,101            | <b>18,101</b>         | 17,343            |
| Assigned                                  |                     |                   |                       |                   |
| Other (Note 9)                            | -                   | 230               | <b>230</b>            |                   |
| Unassigned                                | -                   | (230)             | <b>(230)</b>          | (17,343)          |
| <b>Total Fund Balance</b>                 | <b>-</b>            | <b>18,101</b>     | <b>18,101</b>         | <b>-</b>          |
| <b>Total Liabilities and Fund Balance</b> | <b>\$ 1,854,953</b> | <b>\$ 118,631</b> | <b>\$ 1,973,584</b>   | <b>\$ 793,353</b> |

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - SPECIAL REVENUE FUNDS**

**Years Ended June 30, 2016 and 2015**

|   | Special Aid      | School<br>Lunch  | <b>2016<br/>Total</b> | 2015<br>Total    |
|---|------------------|------------------|-----------------------|------------------|
| <b>REVENUES</b>   |                  |                  |                       |                  |
| Use of Money and Property                                 | \$ -             | \$ 199           | \$ 199                | \$ 134           |
| Miscellaneous   | -                | 11,673           | 11,673                | 41,115           |
| State Sources   | 3,144,164        | 29,214           | 3,173,378             | 508,616          |
| Federal Sources   | 1,134,981        | 1,045,978        | 2,180,959             | 1,599,591        |
| Surplus Foods   | -                | 60,708           | 60,708                | 55,324           |
| Sales   | -                | 75,047           | 75,047                | 268,696          |
| Total Revenues  | <u>4,279,145</u> | <u>1,222,819</u> | <u>5,501,964</u>      | <u>2,473,476</u> |
| <b>EXPENDITURES</b>                                       |                  |                  |                       |                  |
| General Support   | -                | 441,091          | 441,091               | 363,436          |
| Transportation  | 26,324           | -                | 26,324                | 21,972           |
| Instruction   | 3,651,634        | -                | 3,651,634             | 1,313,443        |
| Employee Benefits   | 649,216          | 266,483          | 915,699               | 578,425          |
| Cost of Sales   | -                | 654,236          | 654,236               | 392,611          |
| Total Expenditures  | <u>4,327,174</u> | <u>1,361,810</u> | <u>5,688,984</u>      | <u>2,669,887</u> |
| <b>OTHER SOURCES AND USES</b>                             |                  |                  |                       |                  |
| Interfund Transfers In                                    | <u>48,029</u>    | <u>157,092</u>   | <u>205,121</u>        | <u>196,411</u>   |
| Total Other Uses and Sources                              | <u>48,029</u>    | <u>157,092</u>   | <u>205,121</u>        | <u>196,411</u>   |
| <b>Excess (Deficit) of Revenues<br/>over Expenditures</b> | -                | 18,101           | 18,101                | -                |
| <b>Fund Balance, Beginning</b>                            | -                | -                | -                     | -                |
| <b>Fund Balance, Ending</b>                               | <u>\$ -</u>      | <u>\$ 18,101</u> | <u>\$ 18,101</u>      | <u>\$ -</u>      |

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT  
Year Ended June 30, 2016**

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**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

|   |                                 |
|---|---------------------------------|
| Adopted budget                            | \$ 39,985,356                   |
| Add: Prior year's encumbrances            | 794,054                         |
| Gifts and donations                       | 31,592                          |
| Judgements and claims                     | 80,485                          |
| Use of reserve for unanticipated expenses | 91,118                          |
|   | <u>997,249</u>                  |
| <br>Final budget                          | <br><u><u>\$ 40,982,605</u></u> |

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

|  |               |
|--|---------------|
| 2016-2017 expenditure budget           | \$ 40,255,956 |
| Maximum allowed (4% of 2016-17 budget) |               |

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

|   |                  |                                |
|---|------------------|--------------------------------|
| Unrestricted fund balance:  |                  |                                |
| Committed fund balance  | \$ -             |                                |
| Assigned fund balance   | 1,940,779        |                                |
| Unassigned fund balance   | 3,960,073        |                                |
| Total unrestricted fund balance   | <u>5,900,852</u> |                                |
| <br>Less:   |                  |                                |
| Appropriated fund balance   | 1,200,000        |                                |
| Insurance recovery reserve  | -                |                                |
| Tax reduction reserve   | -                |                                |
| Encumbrances included in committed and assigned fund balance                    | 740,779          |                                |
| Total adjustments   | <u>1,940,779</u> |                                |
| <br>General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law: |                  | <br><u><u>\$ 3,960,073</u></u> |
| <br>Actual percentage   |                  | <br><u><u>9.84%</u></u>        |

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**

**Year Ended June 30, 2016**

|   | Adopted<br>Budget    | Final<br>Budget      | Actual<br>(Budgetary Basis) | Final Budget<br>Variance with<br>Budgetary<br>Actual |
|---|----------------------|----------------------|-----------------------------|--|
| Revenues:   |                      |                      |                             |  |
| Local Sources:                                      |                      |                      |                             |  |
| Real Property Taxes                                 | \$ 17,486,344        | \$ 17,486,344        | \$ 17,486,344               | \$ -   |
| Other Tax Items/STAR Aid                            | 2,600,832            | 2,600,832            | 2,600,678                   | (154)  |
| Charges for Services                                | 17,500               | 17,500               | 71,079                      | 53,579   |
| Use of Money and Property                           | 31,000               | 31,000               | 34,372                      | 3,372  |
| Sale of Property and Compensation for Loss          | 1,000                | 1,000                | 143,570                     | 142,570  |
| Miscellaneous                                       | 232,500              | 264,092              | 732,926                     | 468,834  |
| State Sources                                       | 18,066,180           | 18,066,180           | 17,783,007                  | (283,173)  |
| Federal Sources                                     | 200,000              | 200,000              | 110,854                     | (89,146)   |
| <b>Total Revenues</b>                               | <b>38,635,356</b>    | <b>38,666,948</b>    | <b>38,962,830</b>           | <b>295,882</b>                                       |
| Other Financing Sources                             |                      |                      |                             |  |
| Appropriated Reserves                               | 150,000              | 1,115,657            | -                           | -  |
|   | <b>150,000</b>       | <b>1,115,657</b>     | <b>-</b>                    | <b>-</b>   |
| <b>Total Revenues and Appropriated Fund Balance</b> | <b>\$ 38,785,356</b> | <b>\$ 39,782,605</b> | <b>\$ 38,962,830</b>        | <b>\$ 295,882</b>                                    |



|  | Original<br>Budget    | Final<br>Budget      | Actual<br>(Budgetary Basis) | Year-end<br>Encumbrances | Budgetary<br>Actual<br>and Encumbrances |
|--|-----------------------|----------------------|-----------------------------|--------------------------|---|
| Expenditures:                                      |                       |                      |                             |                          |   |
| General Support:                                   |                       |                      |                             |                          |   |
| Board of Education                                 | \$ 34,427             | \$ 33,965            | \$ 22,095                   | \$ -                     | \$ 11,870                               |
| Central Administration                             | 220,675               | 227,073              | 224,851                     | 415                      | 1,807                                   |
| Finance  | 346,219               | 367,110              | 324,963                     | 24,788                   | 17,359                                  |
| Staff  | 115,699               | 192,192              | 152,949                     | 3,500                    | 35,743                                  |
| Central Services                                   | 2,375,270             | 2,886,620            | 2,252,779                   | 480,575                  | 153,266                                 |
| Special Items                                      | 628,848               | 702,282              | 696,198                     | -                        | 6,084                                   |
| Instructional:                                     |                       |                      |                             |                          |   |
| Administration and Improvement                     | 1,058,097             | 1,071,254            | 1,051,592                   | -                        | 19,662                                  |
| Teaching - Regular School                          | 9,708,612             | 9,778,612            | 9,155,773                   | 91,328                   | 531,511                                 |
| Programs for Children with Handicapping Conditions | 5,839,014             | 5,475,038            | 4,447,232                   | 16,961                   | 1,010,845                               |
| Teaching - Special Schools                         | 1,035,834             | 1,296,781            | 1,161,226                   | 7,270                    | 128,285                                 |
| Instructional Media                                | 1,104,321             | 1,240,644            | 1,186,416                   | 14,028                   | 40,200                                  |
| Pupil Service                                      | 1,714,038             | 1,763,999            | 1,721,717                   | 6,488                    | 35,794                                  |
| Pupil Transportation                               | 1,809,849             | 1,692,147            | 1,520,064                   | 12,770                   | 159,313                                 |
| Community Service                                  | 18,500                | 11,471               | 11,470                      | -                        | 1                                       |
| Employee Benefits                                  | 10,225,853            | 10,349,422           | 9,519,978                   | 82,656                   | 746,788                                 |
| Debt Service                                       | 85,000                | 81,508               | 81,508                      | -                        | -                                       |
| <b>Total Expenditures</b>                          | <b>36,320,256</b>     | <b>37,170,118</b>    | <b>33,530,811</b>           | <b>740,779</b>           | <b>\$ 2,898,528</b>                     |
| Other Uses:  |                       |                      |                             |                          |   |
| Interfund Transfer                                 | 3,665,100             | 3,812,487            | 3,632,230                   | -                        | 180,257                                 |
| <b>Total Expenditures and Other Uses</b>           | <b>\$ 39,985,356</b>  | <b>\$ 40,982,605</b> | <b>37,163,041</b>           | <b>\$ 740,779</b>        | <b>3,078,785</b>                        |
| <b>Net Change in Fund Balance</b>                  | <b>\$ (1,200,000)</b> | <b>(1,200,000)</b>   | <b>1,799,789</b>            |                          |   |
| <b>Fund Balance - Beginning</b>                    | <b>8,983,627</b>      | <b>8,983,627</b>     | <b>8,983,627</b>            |                          |   |
| <b>Fund Balance - Ending</b>                       | <b>\$ 7,783,627</b>   | <b>\$ 7,783,627</b>  | <b>\$ 10,783,416</b>        |                          |   |

See Independent Auditor's Report.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND**

**Year Ended June 30, 2016**

| Project Title               | Original<br>Appropriation | Revised<br>Appropriation | Prior<br>Years    | Current<br>Year   | Total             | Unexpended<br>Balance | Methods of Financing       |             |                   |                   | Fund<br>Balance<br>June 30, 2016 |
|-----------------------------|---------------------------|--------------------------|-------------------|-------------------|-------------------|-----------------------|----------------------------|-------------|-------------------|-------------------|----------------------------------|
|                             |                           |                          |                   |                   |                   |                       | Proceeds of<br>Obligations | State Aid   | Local<br>Sources  | Total             |                                  |
| Energy Performance Contract | \$ 7,334,310              | \$ 7,334,310             | \$ -              | \$ 195,910        | \$ 195,910        | \$ 7,138,400          | \$ -                       | \$ -        | \$ -              | \$ -              | \$ (195,910)                     |
| <b>Buses</b>                |                           |                          |                   |                   |                   |                       |                            |             |                   |                   |                                  |
| Buses 244-247               | 402,544                   | 402,270                  | 402,270           | -                 | 402,270           | -                     | -                          | -           | 402,270           | 402,270           | -                                |
| Buses 253-255               | 322,010                   | 322,010                  | -                 | 322,010           | 322,010           | -                     | -                          | -           | 322,010           | 322,010           | -                                |
| <b>Total Buses</b>          | <b>724,554</b>            | <b>724,280</b>           | <b>402,270</b>    | <b>322,010</b>    | <b>724,280</b>    | <b>-</b>              | <b>-</b>                   | <b>-</b>    | <b>724,280</b>    | <b>724,280</b>    | <b>-</b>                         |
| <b>Total</b>                | <b>\$ 8,058,864</b>       | <b>\$ 8,058,590</b>      | <b>\$ 402,270</b> | <b>\$ 517,920</b> | <b>\$ 920,190</b> | <b>\$ 7,138,400</b>   | <b>\$ -</b>                | <b>\$ -</b> | <b>\$ 724,280</b> | <b>\$ 724,280</b> | <b>\$ (195,910)</b>              |

See Independent Auditor's Report.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NET INVESTMENT IN CAPITAL ASSETS**  
**Year Ended June 30, 2016**

|                                     |           |                   |
|-------------------------------------|-----------|-------------------|
| Capital Assets, Net                 | \$        | 35,760,698        |
| Deduct:                             |           |                   |
| Premium on bonds payable            |           | 39,667            |
| Short-term portion of bonds payable |           | 1,690,000         |
| Long-term portion of bonds payable  |           | 5,200,000         |
| Net investment in capital assets    | <u>\$</u> | <u>28,831,031</u> |

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF FUNDING PROGRESS OTHER POST EMPLOYMENT BENEFITS PLAN  
Year Ended June 30, 2016**

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial<br/>Value of<br/>Assets</b> | <b>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)</b> | <b>Unfunded<br/>AAL</b> | <b>Funded<br/>Ratio</b> | <b>Covered<br/>Payroll</b> | <b>UALL as a<br/>Percentage<br/>of Covered<br/>Payroll</b> |
|---|--|--|-------------------------|-------------------------|----------------------------|--|
| 6/30/2016                               | \$ -                                     | \$ 93,025,057  | \$ 93,025,057           | 0%                      | \$ 19,381,310              | 480.0%   |
| 6/30/2015                               | \$ -                                     | \$ 94,767,859  | \$ 94,767,859           | 0%                      | \$ 17,388,982              | 545.0%   |
| 6/30/2014                               | \$ -                                     | \$ 90,017,436  | \$ 90,017,436           | 0%                      | \$ 16,840,315              | 534.5%   |
| 6/30/2013                               | \$ -                                     | \$ 105,254,296                                       | \$ 105,254,296          | 0%                      | \$ 18,531,976              | 568.0%   |
| 6/30/2012                               | \$ -                                     | \$ 93,549,473  | \$ 93,549,473           | 0%                      | \$ 17,267,025              | 541.8%   |
| 6/30/2011                               | \$ -                                     | \$ 87,819,793  | \$ 87,819,793           | 0%                      | \$ 18,779,542              | 467.6%   |
| 6/30/2010                               | \$ -                                     | \$ 77,313,675  | \$ 77,313,675           | 0%                      | \$ 17,920,794              | 431.4%   |
| 6/30/2009                               | \$ -                                     | \$ 72,408,518  | \$ 72,408,518           | 0%                      | \$ 17,430,289              | 415.4%   |

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Year Ended June 30, 2016**

NYSERS Pension Plan  
 Last 10 Fiscal Years\*

|  | 2016         | 2015         | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|--------------|--------------|------|------|------|------|------|------|------|------|
| District's proportion of the net pension liability (asset)   | 0.0140758%   | 0.0100000%   |      |      |      |      |      |      |      |      |
| District's proportionate share of the net pension liability (asset)  | \$ 2,259,199 | \$ 487,825   |      |      |      |      |      |      |      |      |
| District's covered- employee payroll   | \$ 4,232,977 | \$ 3,814,252 |      |      |      |      |      |      |      |      |
| Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 53.37%       | 12.79%       |      |      |      |      |      |      |      |      |
| Plan fiduciary net position as a percentage of the total pension liability   | 90.70%       | 97.90%       |      |      |      |      |      |      |      |      |

\* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**Year Ended June 30, 2016**

NYSERS Pension Plan  
Last 10 Fiscal Years

|  | 2016         | 2015         | 2014    | 2013    | 2012    | 2011    | 2010    | 2009    | 2008    | 2007    |
|--|--------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Contractually required contribution                                  | \$ 643,813   | \$ 645,261   | 681,796 | 591,933 | 644,889 | 378,075 | 227,063 | 292,182 | 265,656 | 316,563 |
| Contributions in relation to the contractually required contribution | \$ 643,813   | \$ 645,261   | 681,796 | 591,933 | 644,889 | 378,075 | 227,063 | 292,182 | 265,656 | 316,563 |
| Contribution deficiency (excess)                                     | -            | -            | -       | -       | -       | -       | -       | -       | -       | -       |
| Districts covered-employee payroll                                   | \$ 4,232,977 | \$ 3,814,252 |         |         |         |         |         |         |         |         |
| Contributions as a percentage of covered-employee payroll            | 15.2%        | 16.9%        |         |         |         |         |         |         |         |         |

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Year Ended June 30, 2016**

NYSTRS Pension Plan  
Last 10 Fiscal Years\*

|  | 2016           | 2015           | 2014         | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|----------------|----------------|--------------|------|------|------|------|------|------|------|
| District's proportion of the net pension liability (asset)   | 0.086853%      | 0.084388%      | 0.086299%    |      |      |      |      |      |      |      |
| District's proportionate share of the net pension liability (asset)  | \$ (9,021,301) | \$ (9,400,275) | \$ (568,067) |      |      |      |      |      |      |      |
| District's covered- employee payroll   | \$ 14,876,763  | \$ 12,161,910  |              |      |      |      |      |      |      |      |
| Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | -60.64%        | -77.29%        |              |      |      |      |      |      |      |      |
| Plan fiduciary net position as a percentage of the total pension liability   | 110.46%        | 111.48%        |              |      |      |      |      |      |      |      |

\* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**Year Ended June 30, 2016**

NYSTRS Pension Plan  
Last 10 Fiscal Years

|  | 2016          | 2015          | 2014      | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|---------------|---------------|-----------|------|------|------|------|------|------|------|
| Contractually required contribution                                  | \$ 2,287,062  | \$ 2,025,626  | 1,496,689 | -    | -    | -    | -    | -    | -    | -    |
| Contributions in relation to the contractually required contribution | \$ 2,287,062  | \$ 2,025,626  | 1,496,689 | -    | -    | -    | -    | -    | -    | -    |
| Contribution deficiency (excess)                                     | -             | -             | -         | -    | -    | -    | -    | -    | -    | -    |
| Districts covered-employee payroll                                   | \$ 14,876,763 | \$ 12,161,910 |           |      |      |      |      |      |      |      |
| Contributions as a percentage of covered-employee payroll            | 15.37%        | 16.66%        |           |      |      |      |      |      |      |      |

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.



**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016**

| Federal Grantor/Pass-Through Grantor/Program Title   | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Federal<br>Expenditures |
|--|---------------------------|-------------------------------------|-------------------------|
| <b>U.S. Department of Education</b>                  |                           |                                     |                         |
| Pass-Through New York State Department of Education: |                           |                                     |                         |
| Special Education Cluster:                           |                           |                                     |                         |
| IDEA - Part B, Section 611                           | 84.027A                   | 0032-16-0133                        | \$ 487,970              |
| IDEA - Part B, Section 619                           | 84.173A                   | 0033-16-0133                        | 23,643                  |
| Total Special Education Cluster                      |                           |                                     | <u>511,613</u>          |
| <br>   |                           |                                     |                         |
| Title I A&D Imprv Acad Achmt F/Disad                 | 84.010A                   | 0021-16-0480                        | 479,501                 |
| Title I School Improvement                           | 84.010A                   | 0011-16-2516                        | 18,268                  |
| Title II, Part A                                     | 84.367A                   | 0147-16-0480                        | 99,661                  |
| Title VIB Rural & Low Income Schools                 | 84.358B                   | 0006-16-0480                        | 25,938                  |
| <br>   |                           |                                     |                         |
| Total Department of Education                        |                           |                                     | <u>1,134,981</u>        |
| <br>   |                           |                                     |                         |
| <b>U.S. Department of Agriculture</b>                |                           |                                     |                         |
| Pass-through New York State Department of Education  |                           |                                     |                         |
| National School Lunch Program- cash                  | 10.555                    |                                     | 723,508                 |
| National School Lunch Program- commodities           | 10.555                    |                                     | 60,708                  |
| School Breakfast Program                             | 10.553                    |                                     | 299,846                 |
| Summer Food Service Program                          | 10.559                    |                                     | 22,624                  |
| Total Child Nutrition Cluster                        |                           |                                     | <u>1,106,686</u>        |
| <br>   |                           |                                     |                         |
| Total Department of Agriculture                      |                           |                                     | <u>1,106,686</u>        |
| <br>   |                           |                                     |                         |
| Total Federal Assistance Expended                    |                           |                                     | <u>\$ 2,241,667</u>     |

## **BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

### **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2016**

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#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

# ***BOULRICE & WOOD CPAS, P.C.***

***Certified Public Accountants***

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***MICHAEL L. BOULRICE, CPA***

***STEPHEN P. WOOD, CPA***

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

To the Board of Education  
Beekmantown Central School District  
West Chazy, New York 12992

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 the *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Beekmantown Central School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Beekmantown Central School District's basic financial statements and have issued our report thereon dated September 21, 2016.

### **Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Beekmantown Central School Districts financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 the internal control exists 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiencies. The findings are referenced as 16-1.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Beekmantown Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 16-1.

### **District's Response to Findings**

Beekmantown Central School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Beekmantown Central School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Boulrice & Wood CPAs, PC*

September 21, 2016

# ***BOULRICE & WOOD CPAS, P.C.***

***Certified Public Accountants***

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***MICHAEL L. BOULRICE, CPA***

***STEPHEN P. WOOD, CPA***

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education  
Beekmantown Central School District  
West Chazy, New York 12992

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

We have audited Beekmantown Central School District's compliance with the types of compliance requirements described in OMB Compliance Supplement that could have a direct and material effect on Beekmantown Central School District's major federal programs for the year ended June 30, 2016. Beekmantown Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Beekmantown Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Beekmantown Central School District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

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

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

In our opinion, Beekmantown Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## **Report on Internal Control Over Compliance**

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

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

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

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

*Boubrice & Wood CPAs, PC*

September 21, 2016

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016**

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**SECTION I - SUMMARY OF AUDIT RESULTS**

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Financial Statements

|  |                  |                 |
|--|------------------|-----------------|
| Type of auditor's report issued:   | Unmodified       |                 |
| Internal control over financial reporting:   |                  |                 |
| · Material weakness(es) identified?  | _____ yes        | <u>  X  </u> no |
| · Significant deficiencies identified that are not considered to be material weaknesses? | <u>  x  </u> yes | _____ no        |
| Noncompliance material to financial statements noted?                                    | _____ yes        | <u>  X  </u> no |

Federal Awards

|   |            |                 |
|---|------------|-----------------|
| Internal control over major programs:   |            |                 |
| · Material weakness(es) identified?   | _____ yes  | <u>  X  </u> no |
| · Significant deficiencies identified not considered to be a material weakness?                           | _____ yes  | <u>  x  </u> no |
| Type of auditor's report issued on compliance for major programs:   | Unmodified |                 |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) | _____ yes  | <u>  X  </u> no |

Identification of Major Programs

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 84.027A               | IDEA - Part B, Section 611                |
| 84.173A               | IDEA - Part B, Section 619                |

|  |                  |          |
|--|------------------|----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000        |          |
| Auditee qualified as low-risk Auditee?                                   | <u>  X  </u> yes | _____ no |

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
JUNE 30, 2016**

**16-1 Excess Fund Balance**

Condition: The District's unassigned general fund balance was 9.84% of next year's budget.

Criteria: According to New York State Real Property Tax Law Section 1318, a district's unappropriated fund balance may not exceed an amount equal to 4% of next year's budget.

Effect: The District's unassigned general fund balance was 5.84%, or \$2,349,835, over the amount allowable by law.

Recommendation: We recommend the District keep in mind this rule when preparing the next year's budget.

Corrective action: The District acknowledges and agrees the June 30, 2016 level of unassigned general fund balance is \$3,960,073. This balance equates to 9.84% of the ensuing budget which exceeds the NYSED allowable 4% level. It should be noted the Board of Education will need to immediately utilize \$793,399 of this unassigned general fund balance to cover newly presented tax certiorari claims. The District received various legal notifications of 2016 Tax Certiorari claims between July and September 2016. Following the anticipated transfer to cover these Tax Certiorari claims, the resulting unassigned general fund balance will be at 7.87% of the ensuing budget or \$3,166,674 which represents less than 1 month of annual total expenditures for 2016-17 estimated at approximately \$3,350,000.

Guidance from the New York State Office of the State Comptroller provides information under topics such as Local Government and School Accountability and Multiyear financial planning. Within such guidance the following is stated "...you may wish to maintain a reasonable fund balance as insurance against unanticipated expenditures or revenue shortfalls. State law allows most local governments to do this, and NYS GFOA (Government Finance Officers' Association) recommends that municipalities maintain a budget reserve of at least two months of annual total expenditures..." School districts are limited to an unreserved fund balance of no more than 4%. The 4% level for this school allows for a reserve fund which would cover two (2) weeks of annual total expenditures. Unfortunately school districts are held to different standards. Furthermore, Comptroller DiNapoli is on record stating recently that New York State may have some significant budget gaps over the next few years which means schools may be in for a tighter budget picture for state aid and a smaller tax cap, limiting the ability to raise local revenues.

During the past year the District invested substantial resources in updating a multiyear budget and financial plan. In tandem with this ongoing effort the District shared the multiyear financial plan forecast with the community and all stakeholders including the local bargaining units.

Revenues realized in the current year were short and came in under budgeted levels. During the fiscal year it was realized that State aid was going to come in under budget by more than \$500,000. This caused management and administrators to monitor financial results and make expenditure reductions in a fiscally conservative approach resulting in expenditures totaling less



than budgeted levels. Expenditures came in under budget by 5.4% and revenues were below budget by 1.3% which effectively pushed unassigned general fund balance over the planned allowable NYSED level of 4%.

The Board of Education will continue to apply a comprehensive multiyear approach to manage unassigned general fund balance levels at statutory limits. The Board of Education supports appropriating and adjusting fund balance in a methodical and disciplined multiyear approach balancing educational mandates, student needs and learning opportunities with consistent fiscal management utilizing taxpayer funds in a prudent manner to avoid unnecessary “tax rate spikes”, while complying with tax levy limit restrictions. The Board of Education reserve policy recommends an unassigned fund balance at 6/30/16 of \$2,750,000. After subsequent events, the unassigned fund balance level is \$416,674 above the recommended level or 1% of the ensuing budget.

The District is committed to balance necessary instructional program opportunities for student success and achievement while minimizing peaks and valleys to tax levies and tax rate trends. The long term financial position of the District as reported in this Audit Report (page 7) reflects an Ending Total Net Position Deficit of -\$11,234,468, which may suggest any decrease to current unassigned general fund balance while attempting to reach the NYSED allowable 4% level actually undermines, weakens and continues to erode and jeopardize the long term financial position of the District. The Board of Education understands it must be financially prudent in balancing short term and long term educational and financial needs while striving to provide a sustainable multiyear budget model with stable and consistent tax levies and tax rates.

Federal and state fiscal environments continue to introduce and expose many fiscal uncertainties and variables with regard to aid revenues. Since the Gap Elimination Adjustment (GEA) was introduced in 2010-2011 the District has lost an accumulated \$7,830,940 in NYS revenue aid. If not for the previous unassigned fund balance resources to help offset these revenue shortfalls, the educational programs for students would have been further decimated. Some experts refer to the recent fiscal environment as an “economic storm” of sorts with decreases to both the state and federal revenue aid to schools. This economic storm is shaped by aid reductions, continued and growing unfunded NYS public school mandates, cost shifting from other ‘state agency’ sources to local funding at the school (taxpayer) level, previous collectively bargained contractual obligations, continually increasing and mandated NYS retirement employer contribution rates, and escalating employee benefit costs each converging and competing for limited resources at the same time. All of these variables and uncertainties combined suggest that the unassigned general fund balance is not excessive under a fiscally prudent and conservative multiyear plan.

The Board of Education has consistently demonstrated financial stability and fiscal prudence on behalf of taxpayers. Tax rate stability can be evidenced by consistent and reasonable tax rate levels over consecutive years as evidenced by benchmarking the 2005 - 2006 Tax Rate of \$18.08 per thousand as compared to the 2016 - 2017 tax rate of \$17.05 per thousand reflecting current rates \$1.03 per thousand lower.

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### **SECTION III - MAJOR FEDERAL AWARDS**

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No current year findings

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2016**

There were no prior year audit findings.

# ***BOULRICE & WOOD CPAS, P.C.***

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## ***Certified Public Accountants***

***MICHAEL L. BOULRICE, CPA***

***STEPHEN P. WOOD, CPA***

### **INDEPENDENT AUDITOR'S REPORT**

To the School Board  
Beekmantown Central School District  
West Chazy, New York 12992

We have audited the accompanying statement of assets, liabilities and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of the Beekmantown Central School District as of and for the year ended June 30, 2016, and the related notes to the financial statements.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and minimum program procedures established by the New York State Department of Education. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of the Beekmantown Central School District as of June 30, 2016, and its receipts, disbursements and ending balances – cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

### **Basis of Accounting**

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

*Boulrice & Wood CPAs, PC*

September 21, 2016

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS**

June 30, 2016 and 2015

|   | <u>2016</u>             | <u>2015</u>             |
|---|-------------------------|-------------------------|
| <b>ASSETS</b>                             |                         |                         |
| Cash and Cash Equivalents                 | <u>\$ 75,720</u>        | <u>\$ 76,496</u>        |
| <b>Total Assets</b>                       | <u><u>\$ 75,720</u></u> | <u><u>\$ 76,496</u></u> |
| <br><b>LIABILITIES</b>                    |                         |                         |
| Sales Tax Payable                         | \$ 723                  | \$ 562                  |
| <br><b>FUND BALANCE</b>                   |                         |                         |
| Extraclassroom Activity                   | <u>74,997</u>           | <u>75,934</u>           |
| <b>Total Liabilities and Fund Balance</b> | <u><u>\$ 75,720</u></u> | <u><u>\$ 76,496</u></u> |

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND ENDING BALANCES-  
CASH BASIS**

**Year Ended June 30, 2016 and 2015**

| Activity                  | Balance<br>6/30/2015 | Receipts          | Disbursements     | Balance<br>6/30/2016 |
|---------------------------|----------------------|-------------------|-------------------|----------------------|
| Class of 2014             | \$ 406               | \$ -              | \$ 406            | \$ -                 |
| Class of 2015             | 4,563                | -                 | 4,563             | -                    |
| Class of 2016             | 8,028                | 15,513            | 18,445            | <b>5,096</b>         |
| Class of 2017             | 9,212                | 20,039            | 21,400            | <b>7,851</b>         |
| Class of 2018             | 6,017                | 4,125             | 1,808             | <b>8,334</b>         |
| Class of 2019             | 4,585                | 2,883             | 462               | <b>7,006</b>         |
| Class of 2020             | 2,096                | 3,739             | 2,441             | <b>3,394</b>         |
| Class of 2021             | 2,792                | 2,667             | 1,566             | <b>3,893</b>         |
| Class of 2022             | -                    | 8,344             | 6,735             | <b>1,609</b>         |
| NYS Tax Account           | 562                  | 4,033             | 3,872             | <b>723</b>           |
| H.S. Student Council      | 10,421               | 30,982            | 36,800            | <b>4,603</b>         |
| M.S. Student Council      | 5,985                | 5,705             | 8,424             | <b>3,266</b>         |
| Varsity Club              | 1,940                | 3,289             | 2,988             | <b>2,241</b>         |
| H.S. Yearbook Club        | 2,455                | 7,094             | 1,215             | <b>8,334</b>         |
| M.S. Yearbook             | 5,050                | 5,163             | 5,807             | <b>4,406</b>         |
| M.S. Drama Club           | 4,740                | 2,464             | 3,747             | <b>3,457</b>         |
| H.S. Drama Club           | 3,378                | 3,022             | 1,730             | <b>4,670</b>         |
| Community Service Club    | 20                   | -                 | 20                | -                    |
| National Honor Society    | 1,472                | 2,666             | 1,853             | <b>2,285</b>         |
| National Jr Honor Society | 1,024                | 5,322             | 5,461             | <b>885</b>           |
| BCS Fitness Club          | 670                  | -                 | 493               | <b>177</b>           |
| FBLA                      | 1,080                | 7,927             | 5,517             | <b>3,490</b>         |
| Total                     | <u>\$ 76,496</u>     | <u>\$ 134,977</u> | <u>\$ 135,753</u> | <u>\$ 75,720</u>     |

See Notes to the Financial Statements – Extraclassroom Activity Funds.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**EXTRACLASROOM ACTIVITY FUNDS  
NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Summary of Significant Accounting Policies**

Basis of Accounting: The books and records of the Beekmantown Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Basis of Presentation: The Extraclassroom Activity Funds of the Beekmantown Central School 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. The cash and investment balances are reported in the Trust and Agency Funds of the District.

Cash Equivalents: For financial statement purposes all highly liquid investments having maturities of three months or less are considered as cash equivalents.