

# **Chappaqua Central School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2015



## Chappaqua Central School District, New York

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## **Independent Auditors' Report**

**The Board of Education of the  
Chappaqua Central School District, New York**

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Chappaqua Central School District, New York ("School District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

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

O'CONNOR DAVIES, LLP

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### ***Emphasis of Matter***

We draw attention to Note 2,D and Note 3,E in the notes to financial statements which disclose the effects of the School District's adoption of the provisions of GASB Statement Nos. 68 "Accounting and Financial Reporting for Pensions" and 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date*". Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133 Audits of State, Local Governments and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2015 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*O'Connor Davies, LLP*

O'Connor Davies, LLP  
Harrison, New York  
September 17, 2015

# **Chappaqua Central School District, New York**

## **Management's Discussion and Analysis ("MD&A") June 30, 2015**

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### **Introduction**

This discussion and analysis of the Chappaqua Central School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. It should be read in conjunction with the basic financial statements which immediately follow this section.

### **Financial Highlights**

Key financial highlights for fiscal year 2014-15 are as follows:

- New York State Law limits the amount of unassigned (formerly known as unreserved) fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year the unassigned fund balance of the General Fund is \$4,715,478. The unassigned fund balance of the General Fund is 4.00% of the 2015-16 budget which is in compliance with the 4% statutory limit. This amount is available for spending at the discretion of the School District.
- The School District's governmental funds financial statement reports a combined ending fund balance of \$18,348,289, a decrease of \$1,157,635 from the prior year's \$19,505,924. Fund balance for the General Fund decreased by \$1,243,760, from \$18,947,385 to \$17,703,625. However, \$2,250,000 of the fund balance from the General Fund has been assigned (appropriated) for the subsequent year's budget to reduce the tax levy increase.
- For the district-wide financial statements for year ended June 30, 2015, all public school districts are required to implement provisions of the GASB Statement No. 68 and Statement No. 71. These GASB Statements established new accounting and financial reporting requirements for governments that provide their employees with cost-sharing multiple employer defined pension plans, such as New York State and Local Employees' Retirement System ("ERS") and New York State Teachers' Retirement System ("TRS"). Under the new standards, cost-sharing employers are required to report in their statement of Net Position a net pension asset/liability, pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plans. At June 30, 2015, the School District reported a liability of \$1,686,787 for its proportionate share of the ERS net pension liability and recognized pension expense/expenditures of \$815,545 and \$1,690,545, respectively. The School District also reported \$912,204 of deferred outflows of resources related to ERS. At June 30, 2015, the School District reported an asset of \$37,539,478 for its related to its proportionate share of the TRS net pension asset and recognized pension expense/expenditures of (\$1,346,922) and (\$8,738,980), respectively. The School District also reported deferred outflows and deferred inflows of resources related to TRS amounting to \$8,871,828 and \$25,761,857, respectively. More detailed information about The School District's Pension Plans is presented in Note 3, F. in the notes to financial statements.

- On the district-wide financial statements, the assets of the District exceeded liabilities (net position) at the close of the fiscal year by \$85,245,986 vs. last year's \$66,021,986. The District's total net position increased by \$19,224,000 for the year ended June 30, 2015. The increase is due to the inclusion of GASB 68 into the net asset.

## **Overview of the Financial Statements**

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

### *District-Wide Financial Statements*

- The District-wide financial statements are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.
  - The statement of net position presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
  - The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
  - The governmental activities of the District include instruction, pupil transportation, community services, cost of food sales, other, interest and general administrative support.

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

### *Fund Financial Statements*

- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with



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

- The District maintains five individual governmental funds; General Fund, Special Aid Fund, Capital Projects Fund, School Lunch Fund and Special Purpose Fund. For this reporting purpose, the School Lunch Fund and Special Purpose Fund are combined into "Non-Major Governmental Funds". Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid and Capital Projects funds, since the District has elected to report them as major funds.
- The District adopts an annual budget for its General Fund. Budgets are developed for the Special Aid Fund. A budgetary comparison statement has been provided for the General Fund and the Special Aid Fund within the basic financial statements to demonstrate compliance with the respective budgets.
- Fiduciary Funds are used to account for assets held by the School District in an agency capacity: assets held by the School District on behalf of others. Fiduciary funds are not reflected in the District-wide financial statement because the resources of these funds are not available to support the School District's programs.

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

#### *Notes to the Financial Statements*

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

The Chappaqua Central School District completed its valuation of costs for post employment benefits valuation in accordance with Government Accounting Standards Board ("GASB") Statements No. 43 and 45 for the fiscal year July 1, 2014 to June 30, 2015 based on the input of qualified actuaries. The opinion formed by such actuaries and the underlying actuarial methods, considerations, and analyses conform to the appropriate Standards of Practice and Guidelines of the Actuarial Standards Board. We believe that the assumptions used for the valuation and the reporting of results are consistent with assumptions, benefits and provisions for similar school districts in the county of Westchester, the state of New York and nationally. The actuarial report also includes results under various scenarios based on different assumptions for key factors such as healthcare cost inflation, future retirees contribution rates and discount rates, which by their nature are estimates and subject to change. A change in one or more of these factors could have a significant effect on the valuation of the unfunded accrued liability and the difference could be material. More detailed information about the District's "Other Post Employment Benefit Obligations" is presented in the notes to the financial statements (Note 3, E - Long-Term Liabilities – Other Post Employment Benefit Obligations).

For the full GASB 45 report, please visit the District website at:  
[http://www.ccsd.ws/files/filesystem/GASB4345\\_20140701-20150630.pdf](http://www.ccsd.ws/files/filesystem/GASB4345_20140701-20150630.pdf)

### District-Wide Financial Analysis

Net position may serve over time as a useful indicator of the District's financial position. In the case of the Chappaqua Central School District, assets exceeded liabilities (net position) by \$85,245,986 at the close of the current fiscal year.

#### Net Position

|                                  | June 30,      |               |
|----------------------------------|---------------|---------------|
|                                  | 2015          | 2014          |
| Current Assets                   | \$ 66,687,157 | \$ 29,902,446 |
| Capital Assets, net              | 110,913,484   | 113,236,346   |
| Total Assets                     | 177,600,641   | 143,138,792   |
| Deferred Outflows of Resources   | 11,483,946    | 1,817,149     |
| Current Liabilities              | 11,441,836    | 10,751,362    |
| Long-term Liabilities            | 66,634,908    | 68,182,593    |
| Total Liabilities                | 78,076,744    | 78,933,955    |
| Deferred Inflow of Resources     | 25,761,857    | -             |
| Net Position                     |               |               |
| Net Investment in Capital Assets | 63,580,949    | 62,809,057    |
| Restricted                       |               |               |
| Capital Projects                 | 10,242        | 25,000        |
| Tax Certiorari                   | 2,811,052     | 4,630,905     |
| Unemployment Benefits            | 150,666       | 150,629       |
| Property Loss                    | 59,104        | 59,090        |
| Insurance                        | 210,356       | 210,305       |
| Liability Claims                 | 218,664       | 218,611       |
| Repairs                          | 137,308       | 137,234       |
| Retirement Contributions         | 1,861,431     | 2,010,941     |
| Debt Service                     | 14,819        | -             |
| Special Purpose                  | 32,347        | 35,054        |
| School Lunch                     | 602,075       | 448,794       |
| Unrestricted                     | 15,556,973    | (4,713,634)   |
| Total Net Assets                 | \$ 85,245,986 | \$ 66,021,986 |

By far, the largest component of the District's net assets (75%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the 2014-15 school year, District budgeted \$2,420,000 in its General Fund to pay off the scheduled capital debt principal payment.

Those assets subject to external restrictions constitute \$6,108,064 of net position (\$85,245,986), which includes restriction for retirement contributions of \$1,861,431 and tax certiorari of \$2,811,052. Unrestricted net position is \$15,556,973 whereas at year ended June 30, 2014 this number was a negative \$4,713,634. The positive number is a result of a negative number from the OPEB accrual and a positive number from the net pension asset. Restricted and unrestricted assets combined represents 25% of the net position.

## Changes in Net Position

|  | June 30,             |                      |
|--|----------------------|----------------------|
|  | 2015                 | 2014                 |
| <b>REVENUES</b>                                      |                      |                      |
| Program Revenues                                     |                      |                      |
| Charges for Services                                 | \$ 2,546,523         | \$ 2,761,251         |
| Operating Grants and Contributions                   | 2,666,071            | 2,865,117            |
| Capital Grants and Contributions                     | -                    | 25,000               |
|  | <u>5,212,594</u>     | <u>5,651,368</u>     |
| Total Program Revenues                               |                      |                      |
| General Revenues                                     |                      |                      |
| Real Property Taxes                                  | 99,109,849           | 97,187,644           |
| Other Tax Items (STAR)                               | 5,744,295            | 5,923,399            |
| Non-Property Taxes                                   | 838,317              | 823,216              |
| Unrestricted Use of Money and Property               | 94,462               | 116,745              |
| Unrestricted State Aid                               | 7,252,442            | 6,801,704            |
| Miscellaneous  | 857,665              | 707,005              |
|  | <u>113,897,030</u>   | <u>111,559,713</u>   |
| Total General Revenues                               |                      |                      |
| Total Revenues                                       | <u>119,109,624</u>   | <u>117,211,081</u>   |
| <b>PROGRAM EXPENSES</b>                              |                      |                      |
| General Support                                      | 16,833,346           | 16,794,272           |
| Instruction  | 81,785,414           | 91,060,604           |
| Pupil Transportation                                 | 6,517,411            | 6,246,896            |
| Community Services                                   | 20,725               | 19,864               |
| Cost of Food Sales                                   | 1,870,840            | 1,926,884            |
| Other  | 2,709                | 4,255                |
| Interest   | 2,066,145            | 1,890,204            |
|  | <u>109,096,590</u>   | <u>117,942,979</u>   |
| Total Expenses                                       |                      |                      |
| Change in Net Position                               | <u>10,013,034</u>    | <u>(731,898)</u>     |
| Net Position - Beginning, as reported                | 66,021,986           | 66,753,884           |
| Cummulative Effect of Change in Accounting Principle | <u>9,210,966</u>     | <u>-</u>             |
| Net Position - Beginning, as restated                | <u>75,232,952</u>    | <u>66,753,884</u>    |
| Ending   | <u>\$ 85,245,986</u> | <u>\$ 66,021,986</u> |

The District's net position increased by \$19,224,000, which represents an increase of approximately 29.1% of the total net position. The District saw an increase of total assets in the amount of \$34,461,849 and a decrease of total liabilities in the amount of \$857,211. The District maintains a fairly similar financial condition to the previous year. The only reason the District saw a surge in total assets was mainly because of the new GASB 68 requirements. As presented in the

following graphs, the District relies upon real property taxes and other tax items (STAR) as its primary revenue sources (88.03%, a slight increase from prior year's 87.97%).

The major changes from 2013-14 to 2014-15 are as follows:

#### Revenues:

The District's total program revenues saw a slight increase, general revenues increased by \$2,337,317 and the total revenues increased by \$1,898,543. The primary elements of this increase were:

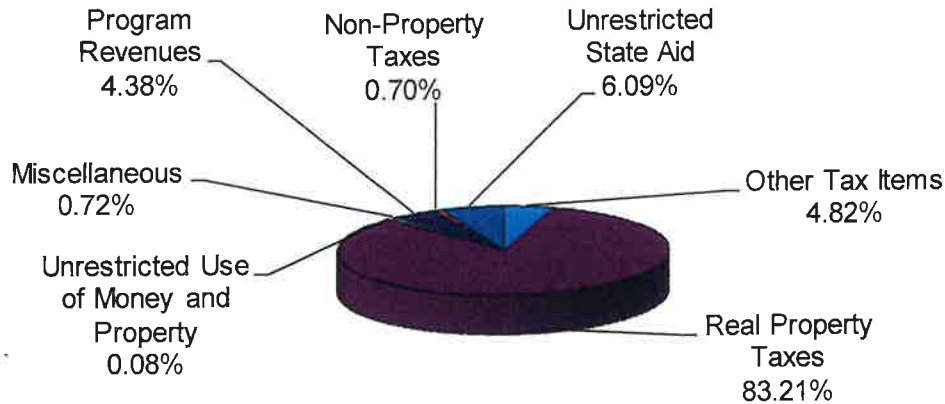
- Real Property Taxes (excluding STAR) increased by \$1,922,205, or 1.98%.
- Program Revenues saw an increase of \$438,774.
- Other Tax Items (STAR), a decrease which was offset by increases in Unrestricted State Aid (\$450,738) and Miscellaneous (\$150,660).

#### Expenses:

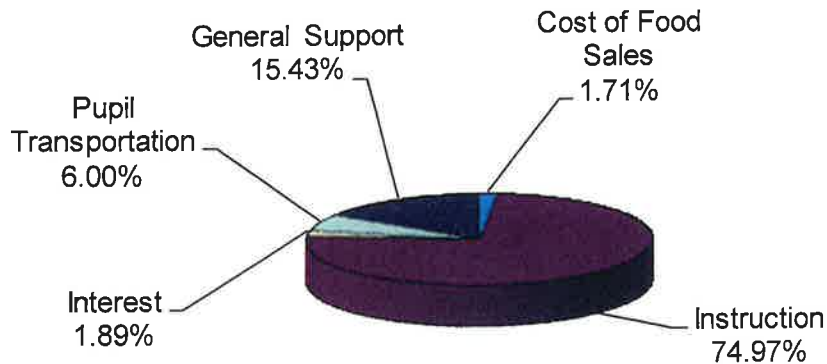
The District's program expenses decreased by \$8,846,389. The highlights were:

- General Support saw an increase of \$39,074. During the school year, District settled tax certiorari claims with SG Chappaqua in the amount of \$1,820,981.46. The District appropriated this amount from the Tax Certiorari Reserve Fund to the General Fund to pay for this settlement and therefore it had no impact on the bottom line of the General Fund. During 2014-15, two items impacted the General Support expenditures: 1) District made its second of three BOCES Capital Project installment payment of \$454,122, and 2) District saw a decrease of \$236,457 for Judgments and Claims, from \$502,709 (actual expenditures plus encumbrances) for 2013-14 to \$266,252 (actual expenditures plus encumbrances).
- Instruction saw a decrease of \$9,275,190 even with an increase of salaries and that was because of additional entries for GASB 68 which was a credit to the expense.
- Pupil Transportation showed an increase of \$270,515 when compared to the prior year. Other than the contractual CPI increase to the cost for buses, vans and monitors, we also saw an increase to the number of vans used for special education students.

### Revenues for Fiscal Year 2014-15 Governmental Activities



### Expenses for Fiscal Year 2014-15 Governmental Activities



### Financial Analysis of the School District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

#### *Governmental Funds*

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the District's governmental funds reported combined fund balances of \$18,348,289, a decrease of \$1,157,635 from the prior year. This decrease was made up by a decrease of \$1,243,760 in General Fund, a decrease of \$64,449 in Capital Projects Fund and an increase of \$150,574 in Non-Major Governmental Funds. \$2,250,000 of the general fund balance has been assigned (appropriated) for the 2015-16 budget to reduce the tax levy.

As previously mentioned the District's fund balance for the General Fund decreased \$1,243,760, from \$18,947,385 to \$17,703,625 during the current fiscal year.

General Fund revenues and other financing sources exceeded the final budget by \$912,263. The two largest positive variances were: \$491,771 for State Aid, and \$307,665 for Miscellaneous Revenue.

General Fund expenditures for 2014-15 were \$2,186,820 less than the final budget, after the deduction of \$1,079,043 for encumbrances. Positive variances were shown in the following areas: General Support: \$214,324, Instruction: \$980,179, Pupil Transportation: \$249,029, and Employee Benefits: \$735,330.

### **General Fund Budgetary Highlights**

The original expenditure budget and the final amended budget showed an increase of \$1,915,804 vs. last year's \$282,930 and this was mainly due to the budget appropriation of \$1,820,981 from the Tax Certiorari Reserve Fund to pay for a settlement. The balance of the modifications was mainly made up from gifts from the community.

### **Fund Balance Analysis**

Fund balance of the General Fund is made up of four categories and they are illustrated below:

#### June 30, 2015

|               |                      |
|---------------|----------------------|
| Non-spendable | \$ 1,274,182         |
| Restricted    | 8,384,922            |
| Assigned      | 3,329,043            |
| Unassigned    | <u>4,715,478</u>     |
| Total         | <u>\$ 17,703,625</u> |

By far the largest category of fund balance is in "Restricted" and these funds were established and set aside for very specific purposes. The "Assigned" fund balance consists of two parts: \$1,079,043 is reserved for encumbrances (purchases on order) - commitments made by the District for goods or services, and \$2,250,000 is assigned for subsequent year's expenditures (a reduction of \$100,000 from the designation for the 2014-15 budget). The remainder of \$4,715,478 is "Unassigned" fund balance and as we previously mentioned this is the amount that is available for spending at the discretion of the District. At the end of the day, fund balance is an indicator of the financial strength of a school district.

The actual amount of fund balance in each reserve category is presented in Note 3, I - Fund Balances.

### Capital Assets

At the end of June 30, 2015 the District had \$110,913,484 net of accumulated depreciation invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below:

| Class  | June 30,           |                    |
|--|--------------------|--------------------|
|  | 2015               | 2014               |
| Land   | \$ 2,177,700       | \$ 2,177,700       |
| Construction in Progress                                     | 650,569            | 12,538,946         |
| Buildings and Improvements                                   | 106,201,617        | 96,669,800         |
| Machinery and Equipment                                      | 1,883,598          | 1,849,900          |
| <br>Total Capital Assets, Net of<br>Accumulated Depreciation | <br>\$ 110,913,484 | <br>\$ 113,236,346 |

The major change in Capital Assets is a decrease of \$11,888,377 in Construction in Progress and this was because the energy performance contract was completed during the 2014-15 school year. More detailed information about the District's capital assets is presented in the notes to the financial statements (Note 3, B – Capital Assets).

### Long-Term Liabilities

As of June 30, 2015, the District had \$35,450,000 in general obligation debt and other long-term liabilities outstanding, as follows:

|  | 2014-15           | As Restated<br>2013-14 |
|--|-------------------|------------------------|
| Bonds payable  | \$ 38,062,724     | \$ 40,662,912          |
| Other Non-Current Liabilities -                      |                   |                        |
| Net Pension Liability                                | 1,132,570         | 1,514,966              |
| Energy Performance Contract Debt                     | 10,100,609        | 10,782,978             |
| Installment Purchase Debt                            | 869,116           | 848,238                |
| Compensated Absences                                 | 3,839,073         | 3,894,055              |
| Other Post Employment<br>Benefit Obligations payable | 12,630,816        | 11,994,410             |
| <br>Total  | <br>\$ 66,634,908 | <br>\$ 69,697,559      |

Long-term liabilities are made up of six figures: bonds payable, net pension liabilities, energy performance contract debt, installment purchase debt, compensated absences and other post employment benefit obligations. Bonds payable saw a decrease of \$2,420,000. The District is paying down its bond debt and did not issue any additional such debt. Other post employment benefit obligations saw an increase of \$636,406. This is the seventh year that a public entity is required to record such obligations (the full amount is being amortized over 30 years).



The net impact of the above-mentioned factors decreased the District's long-term liabilities by \$3,062,651.

More detailed information about the District's long-term liabilities is presented in the notes to the financial statements (Note 3, E- Long-Term Liabilities).

### **Summary**

The Chappaqua Central School District is financially solid. Overall, the financial position of the District for year ended June 30, 2015 is fairly similar to the prior fiscal year. The District's net position increased by \$19,224,000 solely because for the first time we are included the assets from GASB 68, reporting of pension liabilities.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Chappaqua Central School District  
Attn: John L. Chow  
Assistant Superintendent for Business  
PO Box 21  
Chappaqua, New York 10514  
Tel: (914)238-7200 X 1006  
E-mail: [jochow@ccsd.ws](mailto:jochow@ccsd.ws)

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**Chappaqua Central School District, New York**Statement of Net Position  
June 30, 2015

|                                       | Governmental<br>Activities |
|---------------------------------------|----------------------------|
| <b>ASSETS</b>                         |                            |
| Cash and equivalents                  | \$ 26,403,206              |
| Receivables                           |                            |
| Accounts                              | 14,887                     |
| State and Federal aid                 | 2,649,847                  |
| Prepaid expenses                      | 74,182                     |
| Inventories                           | 5,557                      |
| Net pension asset                     | 37,539,478                 |
| Capital assets                        |                            |
| Not being depreciated                 | 2,828,269                  |
| Being depreciated, net                | 108,085,215                |
|                                       | <hr/>                      |
| Total Assets                          | 177,600,641                |
|                                       | <hr/>                      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> | 11,483,946                 |
|                                       | <hr/>                      |
| <b>LIABILITIES</b>                    |                            |
| Accounts payable                      | 15,180                     |
| Accrued liabilities                   | 807,078                    |
| Due to retirement systems             | 9,545,655                  |
| Due to other governments              | 304,189                    |
| Unearned revenues                     | 127,288                    |
| Accrued interest payable              | 642,446                    |
| Non-current liabilities               |                            |
| Due within one year                   | 3,908,174                  |
| Due in more than one year             | 62,726,734                 |
|                                       | <hr/>                      |
| Total Liabilities                     | 78,076,744                 |
|                                       | <hr/>                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  | 25,761,857                 |
|                                       | <hr/>                      |
| <b>NET POSITION</b>                   |                            |
| Net investment in capital assets      | 63,580,949                 |
| Restricted                            |                            |
| Capital projects                      | 10,242                     |
| Tax certiorari                        | 2,811,052                  |
| Unemployment benefits                 | 150,666                    |
| Property loss                         | 59,104                     |
| Insurance                             | 210,356                    |
| Liability claims                      | 218,664                    |
| Repairs                               | 137,308                    |
| Retirement contributions              | 1,861,431                  |
| Debt service                          | 14,819                     |
| School lunch                          | 602,075                    |
| Special purpose                       | 32,347                     |
| Unrestricted                          | 15,556,973                 |
|                                       | <hr/>                      |
| Total Net Position                    | \$ 85,245,986              |
|                                       | <hr/>                      |

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

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# Chappaqua Central School District, New York

## Statement of Activities Year Ended June 30, 2015

| Functions/Programs                                  | Expenses              | Program Revenues        |  | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|---|-----------------------|-------------------------|--|--|
|   |                       | Charges for<br>Services | Operating<br>Grants and<br>Contributions |  |
| Governmental activities                             |                       |                         |  |  |
| General support                                     | \$ 16,833,346         | \$ 151,002              | \$ 1,848                                 | \$ (16,680,496)  |
| Instruction   | 81,785,414            | 496,923                 | 2,534,073                                | (78,754,418)   |
| Pupil transportation                                | 6,517,411             | -                       | -  | (6,517,411)  |
| Community services                                  | 20,725                | -                       | -  | (20,725)   |
| Cost of food sales                                  | 1,870,840             | 1,898,598               | 130,148                                  | 157,906  |
| Other   | 2,709                 | -                       | 2  | (2,707)  |
| Interest  | 2,066,145             | -                       | -  | (2,066,145)  |
| <b>Total Governmental<br/>Activities</b>            | <b>\$ 109,096,590</b> | <b>\$ 2,546,523</b>     | <b>\$ 2,666,071</b>                      | <b>(103,883,996)</b>                                       |
| General revenues                                    |                       |                         |  |  |
| Real property taxes                                 |                       |                         |  | 99,109,849   |
| Other tax items                                     |                       |                         |  |  |
| School tax relief reimbursement                     |                       |                         |  | 5,744,295  |
| Non-property taxes                                  |                       |                         |  |  |
| Non-property tax distribution from County           |                       |                         |  | 838,317  |
| Unrestricted use of money and property              |                       |                         |  | 94,462   |
| Unrestricted State aid                              |                       |                         |  | 7,252,442  |
| Miscellaneous                                       |                       |                         |  | 857,665  |
| <b>Total General Revenues</b>                       |                       |                         |  | <b>113,897,030</b>   |
| <b>Change in Net Position</b>                       |                       |                         |  | <b>10,013,034</b>  |
| Net Position - Beginning, as reported               |                       |                         |  | 66,021,986   |
| Cumulative Effect of Change in Accounting Principle |                       |                         |  | 9,210,966  |
| Net Position - Beginning, as restated               |                       |                         |  | 75,232,952   |
| <b>Net Position - Ending</b>                        |                       |                         |  | <b>\$ 85,245,986</b>                                       |

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

**Chappaqua Central School District, New York**

Balance Sheet  
Governmental Funds  
June 30, 2015

|                                      | General              | Special<br>Aid      | Capital<br>Projects |
|--------------------------------------|----------------------|---------------------|---------------------|
| <b>ASSETS</b>                        |                      |                     |                     |
| Cash and equivalents                 | \$ 25,781,102        | \$ 6,891            | \$ 10,242           |
| Receivables                          |                      |                     |                     |
| Accounts                             | 1,028                | -                   | -                   |
| State and Federal aid                | 1,075,788            | 1,565,957           | -                   |
| Due from other funds                 | 372,848              | -                   | -                   |
| Advances to other funds              | 1,200,000            | -                   | -                   |
| Prepaid expenditures                 | 74,182               | -                   | -                   |
| Inventories                          | -                    | -                   | -                   |
| Total Assets                         | <u>\$ 28,504,948</u> | <u>\$ 1,572,848</u> | <u>\$ 10,242</u>    |
| <b>LIABILITIES AND FUND BALANCES</b> |                      |                     |                     |
| Liabilities                          |                      |                     |                     |
| Accounts payable                     | \$ 15,180            | \$ -                | \$ -                |
| Accrued liabilities                  | 807,078              | -                   | -                   |
| Due to other funds                   | 108,707              | 372,848             | -                   |
| Advances from other funds            | -                    | 1,200,000           | -                   |
| Due to retirement systems            | 9,545,655            | -                   | -                   |
| Due to other governments             | 304,189              | -                   | -                   |
| Unearned revenues                    | 20,514               | -                   | -                   |
| Total Liabilities                    | <u>10,801,323</u>    | <u>1,572,848</u>    | <u>-</u>            |
| Fund balances                        |                      |                     |                     |
| Nonspendable                         | 1,274,182            | 1,200,000           | -                   |
| Restricted                           | 8,384,922            | -                   | 10,242              |
| Assigned                             | 3,329,043            | -                   | -                   |
| Unassigned                           | 4,715,478            | (1,200,000)         | -                   |
| Total Fund Balances                  | <u>17,703,625</u>    | <u>-</u>            | <u>10,242</u>       |
| Total Liabilities and Fund Balances  | <u>\$ 28,504,948</u> | <u>\$ 1,572,848</u> | <u>\$ 10,242</u>    |

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

| <u>Non-Major<br/>Governmental</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-----------------------------------|---|
| \$ 604,971                        | \$ 26,403,206                           |
| 13,859                            | 14,887                                  |
| 8,102                             | 2,649,847                               |
| 108,707                           | 481,555                                 |
| -                                 | 1,200,000                               |
| -                                 | 74,182                                  |
| 5,557                             | 5,557                                   |
| <u>\$ 741,196</u>                 | <u>\$ 30,829,234</u>                    |

|                |                   |
|----------------|-------------------|
| \$ -           | \$ 15,180         |
| -              | 807,078           |
| -              | 481,555           |
| -              | 1,200,000         |
| -              | 9,545,655         |
| -              | 304,189           |
| 106,774        | 127,288           |
| <u>106,774</u> | <u>12,480,945</u> |

|                   |                      |
|-------------------|----------------------|
| 5,557             | 2,479,739            |
| 32,347            | 8,427,511            |
| 596,518           | 3,925,561            |
| -                 | 3,515,478            |
| <u>634,422</u>    | <u>18,348,289</u>    |
| <u>\$ 741,196</u> | <u>\$ 30,829,234</u> |

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## Chappaqua Central School District, New York

### Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position June 30, 2015

|   |               |
|---|---------------|
| Fund Balances - Total Governmental Funds  | \$ 18,348,289 |
| Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:  |               |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.   | 110,913,484   |
| Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities. |               |
| Deferred amounts on refunding bonds   | 1,699,914     |
| Deferred amounts on net pension assets (liabilities)  | (15,977,825)  |
|   | (14,277,911)  |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.  |               |
| Net pension asset   | 37,539,478    |
| Long-term liabilities that are not due and payable in the current period are not reported in the funds.   |               |
| Accrued interest payable  | (642,446)     |
| Net pension liability   | (1,132,570)   |
| Bonds payable   | (38,062,724)  |
| Compensated absences  | (3,839,073)   |
| Other post employment benefit obligations payable   | (12,630,816)  |
| Energy performance contract debt payable  | (10,100,609)  |
| Installment purchase debt payable   | (869,116)     |
|   | (67,277,354)  |
| Net Position of Governmental Activities   | \$ 85,245,986 |

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

# Chappaqua Central School District, New York

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds Year Ended June 30, 2015

|   | General       | Special<br>Aid | Capital<br>Projects |
|---|---------------|----------------|---------------------|
| <b>REVENUES</b>                                   |               |                |                     |
| Real property taxes                               | \$ 99,109,849 | \$ -           | \$ -                |
| Other tax items                                   | 5,744,295     | -              | -                   |
| Non-property taxes                                | 838,317       | -              | -                   |
| Charges for services                              | 496,923       | -              | -                   |
| Use of money and property                         | 247,312       | -              | -                   |
| State aid   | 8,100,343     | 678,372        | -                   |
| Federal aid                                       | 26,242        | 888,428        | -                   |
| Food sales  | -             | -              | -                   |
| Miscellaneous                                     | 950,795       | -              | -                   |
| Total Revenues                                    | 115,514,076   | 1,566,800      | -                   |
| <b>EXPENDITURES</b>                               |               |                |                     |
| Current   |               |                |                     |
| General support                                   | 15,387,523    | -              | -                   |
| Instruction                                       | 62,233,174    | 1,736,393      | -                   |
| Pupil transportation                              | 6,517,411     | -              | -                   |
| Community services                                | 20,725        | -              | -                   |
| Employee benefits                                 | 26,874,980    | -              | -                   |
| Cost of food sales                                | -             | -              | -                   |
| Other   | -             | -              | -                   |
| Debt service                                      |               |                |                     |
| Principal   | 3,477,757     | -              | -                   |
| Interest  | 1,841,492     | -              | -                   |
| Capital outlay                                    | -             | -              | 695,896             |
| Total Expenditures                                | 116,353,062   | 1,736,393      | 695,896             |
| Excess (Deficiency) of Revenues Over Expenditures | (838,986)     | (169,593)      | (695,896)           |
| <b>OTHER FINANCING SOURCES (USES)</b>             |               |                |                     |
| Installment purchase debt issued                  | -             | -              | 396,266             |
| Transfers in                                      | 14,819        | 169,593        | 250,000             |
| Transfers out                                     | (419,593)     | -              | (14,819)            |
| Total Other Financing Sources (Uses)              | (404,774)     | 169,593        | 631,447             |
| Net Change in Fund Balances                       | (1,243,760)   | -              | (64,449)            |
| <b>FUND BALANCES</b>                              |               |                |                     |
| Beginning of Year                                 | 18,947,385    | -              | 74,691              |
| End of Year                                       | \$ 17,703,625 | \$ -           | \$ 10,242           |

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

| Non-Major<br>Governmental | Total<br>Governmental<br>Funds |
|---------------------------|--------------------------------|
| \$ -                      | \$ 99,109,849                  |
| -                         | 5,744,295                      |
| -                         | 838,317                        |
| -                         | 496,923                        |
| 403                       | 247,715                        |
| 11,323                    | 8,790,038                      |
| 118,424                   | 1,033,094                      |
| 1,898,598                 | 1,898,598                      |
| -                         | 950,795                        |
| 2,028,748                 | 119,109,624                    |
| -                         | 15,387,523                     |
| -                         | 63,969,567                     |
| -                         | 6,517,411                      |
| -                         | 20,725                         |
| -                         | 26,874,980                     |
| 1,875,465                 | 1,875,465                      |
| 2,709                     | 2,709                          |
| -                         | 3,477,757                      |
| -                         | 1,841,492                      |
| -                         | 695,896                        |
| 1,878,174                 | 120,663,525                    |
| 150,574                   | (1,553,901)                    |
| -                         | 396,266                        |
| -                         | 434,412                        |
| -                         | (434,412)                      |
| -                         | 396,266                        |
| 150,574                   | (1,157,635)                    |
| 483,848                   | 19,505,924                     |
| \$ 634,422                | \$ 18,348,289                  |

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## Chappaqua Central School District, New York

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2015

---

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

|  |                       |
|--|-----------------------|
| Net Change in Fund Balances - Total Governmental Funds | <u>\$ (1,157,635)</u> |
|--|-----------------------|

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

|                             |                    |
|-----------------------------|--------------------|
| Capital outlay expenditures | 797,820            |
| Depreciation expense        | <u>(3,120,682)</u> |
|                             | <u>(2,322,862)</u> |

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

|  |                  |
|--|------------------|
| Installment purchase debt issued                             | (396,266)        |
| Principal paid on serial bonds                               | 2,420,000        |
| Principal paid on installment purchase debt                  | 375,388          |
| Principal paid on energy performance contract                | 682,369          |
| Amortization of loss on refunding bonds and issuance premium | <u>62,953</u>    |
|  | <u>3,144,444</u> |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

|   |                   |
|---|-------------------|
| Accrued interest                          | (287,606)         |
| Compensated absences                      | 54,982            |
| Pension assets (liabilities)              | 11,218,117        |
| Other post employment benefit obligations | <u>(636,406)</u>  |
|   | <u>10,349,087</u> |

|   |                             |
|---|-----------------------------|
| Change in Net Position of Governmental Activities | <u><u>\$ 10,013,034</u></u> |
|---|-----------------------------|

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

**Chappaqua Central School District, New York**

Statement of Revenues, Expenditures and Changes in Fund  
Balances - Budget and Actual  
General and Special Aid Funds  
Year Ended June 30, 2015

|   | General Fund       |                    |                    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|--------------------|--------------------|---|
|   | Original<br>Budget | Final<br>Budget    | Actual             |   |
| <b>REVENUES</b>                                 |                    |                    |                    |   |
| Real property taxes                             | \$ 99,109,849      | \$ 99,109,849      | \$ 99,109,849      | \$ -  |
| Other tax items                                 | 5,739,376          | 5,741,071          | 5,744,295          | 3,224   |
| Non-property taxes                              | 775,000            | 775,000            | 838,317            | 63,317  |
| Charges for services                            | 464,191            | 464,191            | 496,923            | 32,732  |
| Use of money and property                       | 260,000            | 260,000            | 247,312            | (12,688)  |
| State aid                                       | 7,608,572          | 7,608,572          | 8,100,343          | 491,771   |
| Federal aid                                     | -                  | -                  | 26,242             | 26,242  |
| Miscellaneous                                   | 550,000            | 643,130            | 950,795            | 307,665   |
| <b>Total Revenues</b>                           | <b>114,506,988</b> | <b>114,601,813</b> | <b>115,514,076</b> | <b>912,263</b>  |
| <b>EXPENDITURES</b>                             |                    |                    |                    |   |
| Current   |                    |                    |                    |   |
| General support                                 | 13,069,887         | 16,464,723         | 15,387,523         | 1,077,200   |
| Instruction                                     | 64,709,276         | 63,408,120         | 62,233,174         | 1,174,946   |
| Pupil transportation                            | 6,548,770          | 6,787,840          | 6,517,411          | 270,429   |
| Community services                              | 19,864             | 20,725             | 20,725             | -   |
| Employee benefits                               | 27,960,553         | 27,610,310         | 26,874,980         | 735,330   |
| Debt service                                    |                    |                    |                    |   |
| Principal                                       | 3,482,837          | 3,477,757          | 3,477,757          | -   |
| Interest  | 1,906,527          | 1,847,937          | 1,841,492          | 6,445   |
| <b>Total Expenditures</b>                       | <b>117,697,714</b> | <b>119,617,412</b> | <b>116,353,062</b> | <b>3,264,350</b>  |
| Deficiency of Revenues<br>Over Expenditures     | (3,190,726)        | (5,015,599)        | (838,986)          | 4,176,613   |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                    |                    |                    |   |
| Transfers in                                    | -                  | 14,819             | 14,819             | -   |
| Transfers out                                   | (425,000)          | (421,106)          | (419,593)          | 1,513   |
| <b>Total Other Financing<br/>Sources (Uses)</b> | <b>(425,000)</b>   | <b>(406,287)</b>   | <b>(404,774)</b>   | <b>1,513</b>  |
| <b>Net Change in Fund Balances</b>              | <b>(3,615,726)</b> | <b>(5,421,886)</b> | <b>(1,243,760)</b> | <b>4,178,126</b>  |
| <b>FUND BALANCES</b>                            |                    |                    |                    |   |
| Beginning of Year                               | 3,615,726          | 5,421,886          | 18,947,385         | 13,525,499  |
| End of Year                                     | \$ -               | \$ -               | \$ 17,703,625      | \$ 17,703,625   |

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

| Special Aid Fund   |                 |           |   |
|--------------------|-----------------|-----------|---|
| Original<br>Budget | Final<br>Budget | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ -               | \$ -            | \$ -      | \$ -  |
| -                  | -               | -         | -   |
| -                  | -               | -         | -   |
| -                  | -               | -         | -   |
| 700,000            | 678,373         | 678,372   | (1)   |
| 992,032            | 992,032         | 888,428   | (103,604)   |
| -                  | -               | -         | -   |
| 1,692,032          | 1,670,405       | 1,566,800 | (103,605)   |
| -                  | -               | -         | -   |
| 1,867,032          | 1,841,511       | 1,736,393 | 105,118   |
| -                  | -               | -         | -   |
| -                  | -               | -         | -   |
| -                  | -               | -         | -   |
| -                  | -               | -         | -   |
| 1,867,032          | 1,841,511       | 1,736,393 | 105,118   |
| (175,000)          | (171,106)       | (169,593) | 1,513   |
| 175,000            | 171,106         | 169,593   | (1,513)   |
| -                  | -               | -         | -   |
| 175,000            | 171,106         | 169,593   | (1,513)   |
| -                  | -               | -         | -   |
| -                  | -               | -         | -   |
| \$ -               | \$ -            | \$ -      | \$ -  |

**Chappaqua Central School District, New York**

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2015

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|                             | <u>Agency</u>            |
|-----------------------------|--------------------------|
| <b>ASSETS</b>               |                          |
| Cash and equivalents        | \$ 415,116               |
| Accounts receivable         | <u>26,829</u>            |
| Total Assets                | <u><u>\$ 441,945</u></u> |
| <b>LIABILITIES</b>          |                          |
| Accounts payable            | \$ 1,028                 |
| Employee payroll deductions | 356,933                  |
| Deposits payable            | 20,139                   |
| Student activity funds      | <u>63,845</u>            |
| Total Liabilities           | <u><u>\$ 441,945</u></u> |

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



## **Chappaqua Central School District, New York**

Notes to Financial Statements  
June 30, 2015

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### **Note 1 - Summary of Significant Accounting Policies**

The Chappaqua Central School District, New York ("School District"), as presently constituted, was established in 1905 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

#### **A. Financial Reporting Entity**

The financial reporting entity consists of a) the primary government, which is the School District, b) organizations for which the School District is financially accountable and c) other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Putnam-Northern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by the ratio which the component school district's value of taxable properties in effect at the time of adoption bears to the total full value of taxable properties of all component school districts within BOCES as defined by Education Law. Copies of BOCES' financial statement can be requested from Putnam-Northern Westchester BOCES, 200 BOCES Drive, Yorktown Heights, New York 10598.

#### **B. District-Wide Financial Statements**

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

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

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Fund Financial Statements**

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

**Fund Categories**

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are established to account for and report the proceeds of specific revenue sources that are restricted, committed or

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

assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is as follows -

Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State funds.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The School District also reported the following non-major governmental funds.

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the lunch program of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of a trust agreement.

- b. Fiduciary Funds (Not Included in District-Wide Statements) - The Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Among the activities included in the Agency Fund are the student activity funds. The Agency Fund is also utilized to account for payroll tax withholdings that are payable to other jurisdictions.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the

## Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

fiscal year end. A ninety day availability period is used for revenue recognition for most other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to, compensated absences, net pension liability and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

#### **E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances**

##### **Deposits and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies and obligations of New York State or its political subdivisions, and accordingly, the School District's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2015.

The School District was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate or credit risk.

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

**Property Taxes Receivable** - Real property taxes attach as an enforceable lien on real property as of July 1st and are levied and payable in September and January. The Towns of New Castle and Mount Pleasant which are included in the levy are responsible for the billing and collection of the taxes. The towns guarantee the full payment of the School District warrant and assume responsibility for uncollected taxes.

**Other Receivables** - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenses/expenditures are incurred. Allowances are recorded when appropriate.

**Due From/To Other Funds** - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Advances To/From Other Funds** - Advances to/from other funds represents loans to other funds which are not expected to be repaid within the subsequent annual operating cycle. The advances are offset by nonspendable fund balance in the fund financial statements, which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

**Prepaid Expenses/Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consist of health insurance costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Inventories** - Inventories in the School Lunch Fund consist of surplus food and supplies and are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at a stated value, which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Capital Assets** - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

## Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

| <u>Class</u>               | <u>Life<br/>in Years</u> |
|----------------------------|--------------------------|
| Buildings and Improvements | 20-50                    |
| Machinery and Equipment    | 5-20                     |

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

**Unearned Revenues** - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In district-wide financial statements, unearned revenues consist of revenue received in advance and/or grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$20,514 in the General Fund for fees received in advance and \$106,774 in the School Lunch Fund for meal cards purchased in advance. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

The School District reported deferred outflows of resources of \$1,699,914 for a deferred loss on the refunding bonds in the district-wide Statement of Net Position. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunded debt.

The School District also reports deferred outflows of resources and deferred inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the School District's pension plans in Note 3,E.

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

**Long-Term Liabilities** - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

**Compensated Absences** - The various collective bargaining agreements provide for the payment of accumulated vacation or sick leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide statement of net position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

**Net Pension Liability (Asset)** - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

**Net Position** - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for debt service, tax certiorari, unemployment benefits, property loss, insurance, liability claims, repairs, retirement contributions, school lunch and special purpose. The balance is classified as unrestricted.

**Fund Balance** - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or

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

imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York or Education Law.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the School District removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education or the Assistant Superintendent for Business to assign amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

**F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General and Special Aid funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.



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

**G. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 17, 2015.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

The School District follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.

## Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

- f) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g) Budgets for General and Special Aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch or Special Purpose funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Education.

#### **B. Limitation on Fund Balance**

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount to 4% of the ensuing year's budget.

#### **C. Property Tax Limitation**

The School District is not limited as to the maximum amount of real property taxes which may be raised. However, on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law applies to all local governments, including school districts.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a school district in a particular year. The original legislation that established the Tax Levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of two percent or the annual increase in the consumer price index. Certain adjustments would be permitted as defined by Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation only if the budget is approved by at least 60% of the vote. There are certain exemptions to the tax levy limitation, such as expenditures made on account of certain tort settlements and certain increases in the actuarial contribution rates of the various public employee retirement systems.

**Chappaqua Central School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2015

**Note 2 - Stewardship, Compliance and Accountability (Continued)****D. Cumulative Effect of Change in Accounting Principle**

For the year ended June 30, 2015, the School District implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. As a result of adopting these standards, the district-wide financial statements reflect a cumulative effect for the change in accounting principle of \$9,210,966.

**E. Fund Deficit**

The Special Aid Fund has an unassigned deficit of \$1,200,000 at June 30, 2015.

**Note 3 - Detailed Notes on All Funds****A. Due From/To Other Funds, Advances From/To Other Funds**

The balances reflected as due from/to other funds at June 30, 2015 were as follows:

| <u>Fund</u>            | <u>Due From</u>   | <u>Due To</u>     | <u>Advances From/To</u> |
|------------------------|-------------------|-------------------|-------------------------|
| General                | \$ 372,848        | \$ 108,707        | \$ 1,200,000            |
| Special Aid            | -                 | 372,848           | (1,200,000)             |
| Non-Major Governmental | 108,707           | -                 | -                       |
|                        | <u>\$ 481,555</u> | <u>\$ 481,555</u> | <u>\$ -</u>             |

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

**B. Capital Assets**

Changes in the School District's capital assets are as follows:

| <u>Class</u>                                | <u>Balance July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u>     | <u>Balance June 30, 2015</u> |
|---|-----------------------------|------------------|----------------------|------------------------------|
| Capital Assets, not being depreciated       |                             |                  |                      |                              |
| Land  | \$ 2,177,700                | \$ -             | \$ -                 | \$ 2,177,700                 |
| Construction-in-progress                    | 12,538,946                  | 92,786           | 11,981,163           | 650,569                      |
| Total Capital Assets, not being depreciated | <u>\$ 14,716,646</u>        | <u>\$ 92,786</u> | <u>\$ 11,981,163</u> | <u>\$ 2,828,269</u>          |

**Chappaqua Central School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

| Class   | Balance<br>July 1, 2014 | Additions     | Deletions     | Balance<br>June 30, 2015 |
|---|-------------------------|---------------|---------------|--------------------------|
| Capital Assets, being depreciated               |                         |               |               |                          |
| Buildings and Improvements                      | \$ 142,003,341          | \$ 12,382,532 | \$ -          | \$ 154,385,873           |
| Machinery and Equipment                         | 4,737,543               | 303,665       | 44,172        | 4,997,036                |
| Total Capital Assets,<br>being depreciated      | 146,740,884             | 12,686,197    | 44,172        | 159,382,909              |
| Less Accumulated Depreciation for               |                         |               |               |                          |
| Buildings and Improvements                      | 45,333,541              | 2,850,715     | -             | 48,184,256               |
| Machinery and Equipment                         | 2,887,643               | 269,967       | 44,172        | 3,113,438                |
| Total Accumulated<br>Depreciation               | 48,221,184              | 3,120,682     | 44,172        | 51,297,694               |
| Total Capital Assets, being<br>depreciated, net | \$ 98,519,700           | \$ 9,565,515  | \$ -          | \$ 108,085,215           |
| Capital Assets, net                             | \$ 113,236,346          | \$ 9,658,301  | \$ 11,981,163 | \$ 110,913,484           |

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

|                            |              |
|----------------------------|--------------|
| General Support            | \$ 199,942   |
| Instruction                | 2,901,681    |
| Cost of Food Sales         | 19,059       |
| Total Depreciation Expense | \$ 3,120,682 |

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2015 were as follows:

|                               |                 |
|-------------------------------|-----------------|
|                               | General<br>Fund |
| Other                         | \$ 527,402      |
| Payroll and employee benefits | 279,676         |
|                               | \$ 807,078      |

**D. Short-Term Non-Capital Borrowings**

The schedule below details the changes in short-term non-capital borrowings.

|                       | Balance<br>July 01, 2014 | New<br>Issues | Redemptions  | Balance<br>June 30, 2015 |
|-----------------------|--------------------------|---------------|--------------|--------------------------|
| Tax Anticipation Note | \$ -                     | \$ 4,500,000  | \$ 4,500,000 | \$ -                     |

# Chappaqua Central School District, New York

## Notes to Financial Statements (Continued) June 30, 2015

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

The tax anticipation note was issued on July 24, 2014 and matured on June 30, 2015, with interest at 1.0%. Interest expense/expenditures of \$54,008 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

#### E. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2015:

|  | Balance<br>July 01, 2014 | Cumulative<br>Effect of<br>Change in<br>Accounting<br>Principle | Balance,<br>as Restated<br>July 1, 2014 | New Issues/<br>Additions | Maturities<br>and/or<br>Payments | Balance<br>June 30,<br>2015 | Due<br>Within<br>One-Year |
|--|--------------------------|---|---|--------------------------|----------------------------------|-----------------------------|---------------------------|
| Bonds Payable                                | \$ 37,870,000            | \$ -  | \$ 37,870,000                           | \$ -                     | \$ 2,420,000                     | \$ 35,450,000               | \$ 2,545,000              |
| Plus - Unamortized premium<br>on bonds       | 2,792,912                | -   | 2,792,912                               | -                        | 180,188                          | 2,612,724                   | -                         |
|  | <u>40,662,912</u>        | <u>-</u>  | <u>40,662,912</u>                       | <u>-</u>                 | <u>2,600,188</u>                 | <u>38,062,724</u>           | <u>2,545,000</u>          |
| Other Non-current Liabilities -              |                          |   |   |                          |                                  |                             |                           |
| Net Pension Liability                        | -                        | 1,514,966   | 1,514,966                               | -                        | 382,396                          | 1,132,570                   | -                         |
| Energy Performance Contract<br>Debt Payable  | 10,782,978               | -   | 10,782,978                              | -                        | 682,369                          | 10,100,609                  | 699,236                   |
| Installment Purchase<br>Debt Payable         | 848,238                  | -   | 848,238                                 | 396,266                  | 375,388                          | 869,116                     | 280,938                   |
| Compensated Absences                         | 3,894,055                | -   | 3,894,055                               | 334,018                  | 389,000                          | 3,839,073                   | 383,000                   |
| Other Post Employment<br>Benefit Obligations | 11,994,410               | -   | 11,994,410                              | 4,924,253                | 4,287,847                        | 12,630,816                  | -                         |
| Total Other Non-<br>current Liabilities      | <u>27,519,681</u>        | <u>1,514,966</u>  | <u>29,034,647</u>                       | <u>5,654,537</u>         | <u>6,117,000</u>                 | <u>28,572,184</u>           | <u>1,363,174</u>          |
| Total Long-Term Liabilities                  | <u>\$ 68,182,593</u>     | <u>\$ 1,514,966</u>   | <u>\$ 69,697,559</u>                    | <u>\$ 5,654,537</u>      | <u>\$ 8,717,188</u>              | <u>\$ 66,634,908</u>        | <u>\$ 3,908,174</u>       |

The School District's indebtedness for bonds, net pension liability, energy performance contract debt payable, installment purchase debt payable, compensated absences and other post employment benefit obligations is liquidated by the General Fund.

#### Bonds Payable

Bonds payable at June 30, 2015 is comprised of the following issue -

| Purpose         | Year of<br>Issue | Original<br>Issue<br>Amount | Final<br>Maturity | Interest<br>Rates | Amount<br>Outstanding<br>at June 30, |
|-----------------|------------------|-----------------------------|-------------------|-------------------|--------------------------------------|
| Refunding Bonds | 2011             | \$ 43,070,000               | January, 2030     | 2.0-5.0 %         | <u>\$ 35,450,000</u>                 |

Interest expenditures of \$1,500,056 were recorded in the fund financial statements in the General Fund. Interest expense of \$1,725,407 was recorded in the district-wide financial statements.

#### Energy Performance Contract Debt Payable

The School District, in September 2011, entered into a \$6,010,000 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over fifteen years, with bi-annual installments of \$241,014

## Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

through December 2027. Payments include interest at 2.84%. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the lease payment terms. In September 2012 the School District entered into a \$5,752,450 agreement for Phase II of the energy performance enhancement. The terms of Phase II provide for repayment over 15 years, with bi-annual installments of \$231,016 through December 2027. Payments include interest at 2.09%.

The aggregate balance due at June 30, 2015 was \$10,100,609. Interest expenditures of \$261,690 were recorded in the fund financial statements in the General Fund. Interest expense of \$260,992 was recorded in the district-wide financial statements.

#### Installment Purchase Debt

The School District, in a prior year entered into two lease agreements to finance the costs of additional computer equipment and telephones. The terms of the computer lease agreement provided for repayment of a principal amount of \$193,590 in annual installments of \$50,858 through June, 2016, including interest at 3.41%. The terms of the telephone lease agreement provided for repayment of a principal amount of \$590,120 in an annual installment of \$63,591 in fiscal year June, 2014 and annual installments of \$126,969 through June, 2018 and an installment of \$21,162 in June 2019.

The School District, in a prior year, entered into a lease agreement to finance the costs of certain computer equipment. The terms of this agreement provided for the repayment of a principal amount of \$208,217 in average annual installments of \$44,596 through June, 2018, including interest at 3.5%.

The School District, in the current year, entered into a lease agreement to finance the costs of certain computer equipment. The terms of this agreement provided for the repayment of a principal amount of \$396,266 in average annual installments of \$83,990 through June, 2019, including interest at 2.99%.

Interest expenditures/expense of \$25,738 was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

#### Payments to Maturity

The annual requirements to amortize all outstanding bonded, energy performance contract debt and installment purchase debt as of June 30, 2015 including interest payments of \$11,051,749 are as follows:

| Year Ending<br>June 30, | Serial Bonds         |                     | Energy Performance<br>Contract Debt |                     | Installment Purchase Debt |                  | Total                |                      |
|-------------------------|----------------------|---------------------|-------------------------------------|---------------------|---------------------------|------------------|----------------------|----------------------|
|                         | Principal            | Interest            | Principal                           | Interest            | Principal                 | Interest         | Principal            | Interest             |
| 2016                    | \$ 2,545,000         | \$ 1,379,056        | \$ 699,236                          | \$ 244,823          | \$ 280,938                | \$ 25,476        | \$ 3,525,174         | \$ 1,649,355         |
| 2017                    | 2,645,000            | 1,277,256           | 716,529                             | 227,530             | 239,025                   | 16,531           | 3,600,554            | 1,521,317            |
| 2018                    | 2,785,000            | 1,145,006           | 734,261                             | 209,798             | 246,520                   | 9,034            | 3,765,781            | 1,363,836            |
| 2019                    | 2,730,000            | 1,033,606           | 752,441                             | 191,618             | 102,633                   | 2,518            | 3,585,074            | 1,227,742            |
| 2020                    | 2,830,000            | 924,406             | 771,082                             | 172,977             | -                         | -                | 3,601,082            | 1,097,383            |
| 2021-2025               | 12,575,000           | 2,704,781           | 4,151,999                           | 568,297             | -                         | -                | 16,726,999           | 3,273,078            |
| 2026-2030               | 9,340,000            | 833,950             | 2,275,061                           | 85,066              | -                         | -                | 11,615,061           | 919,036              |
|                         | <u>\$ 35,450,000</u> | <u>\$ 9,298,061</u> | <u>\$ 10,100,609</u>                | <u>\$ 1,700,129</u> | <u>\$ 869,116</u>         | <u>\$ 53,559</u> | <u>\$ 46,419,725</u> | <u>\$ 11,051,749</u> |

## Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

The above general obligation bonds, energy performance contract debt and installment purchase debt are direct obligations of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District

#### **Compensated Absences**

Pursuant to collective bargaining agreements, upon separation of service, the School District is required to compensate administrators, clerical staff and custodians for unused vacation time. For all other employees, vacation time is generally taken in the year earned. The School District is not required to compensate employees for accumulated sick leave. The value of the compensated absences has been reflected in the district-wide financial statements.

#### **F. Pension Plans**

##### **Employees' Retirement System**

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retire/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.

The ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Contribution rates for the plan's year ending in 2015 are as follows:

| <u>Tier/Plan</u> | <u>Rate</u> |
|------------------|-------------|
| 1 75I            | 27.7%       |
| 2 75I            | 25.4        |
| 3/4 A15          | 20.4        |
| 5 A15            | 16.7        |
| 6 A15            | 11.0        |

## Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

At June 30, 2015, the School District reported a liability of \$1,132,570 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the School District's proportion was .0335254%. For this first year of implementation, the ERS reported no change in the allocation percentage measured as of March 31, 2014.

For the year ended June 30, 2015, the School District recognized pension expense/expenditures of \$815,545 and \$1,686,787, respectively. The pension expenditure of \$1,686,787 was charged to the General Fund. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ 36,255                            | \$ -                                |
| Changes of assumptions   |                                      |                                     |
| Net difference between projected and actual earnings on pension plan investments                                     | 196,713                              | -                                   |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 277,810                              | -                                   |
| School District contributions subsequent to the measurement date   | 401,426                              | -                                   |
|  | <u>\$ 912,204</u>                    | <u>\$ -</u>                         |

\$401,426 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

| Year Ended<br>March 31 |            |
|------------------------|------------|
| 2016                   | \$ 127,694 |
| 2017                   | 127,694    |
| 2018                   | 127,694    |
| 2019                   | 127,696    |

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



## Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

measurement date was determined by using an actuarial valuation as of April 1, 2014. Significant actuarial assumptions used in the April 1, 2014 valuation were as follows:

|                            |   |
|----------------------------|---|
| Actuarial cost method      | Entry age normal  |
| Inflation                  | 2.7%  |
| Salary scale               | 4.9%, indexed by service  |
| Investment rate of return  | 7.5% compounded annually, net of investment expenses, including inflation |
| Cost of living adjustments | 1.4% annually   |

Annuitant mortality rates are based on the April 1, 2005 – March 31, 2010 ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 and 2014 are summarized below.

| <u>Asset Type</u>          | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------|--------------------------|---|
| Domestic Equity            | 38 %                     | 7.30 %  |
| International Equity       | 13                       | 8.55  |
| Private Equity             | 10                       | 11.00   |
| Real Estate                | 8                        | 8.25  |
| Absolute Return Strategies | 3                        | 6.75  |
| Opportunistic Portfolio    | 3                        | 8.60  |
| Real Assets                | 3                        | 8.65  |
| Bonds and Mortgages        | 18                       | 4.00  |
| Cash                       | 2                        | 2.25  |
| Inflation Indexed Bonds    | 2                        | 4.00  |
|                            | <u>100 %</u>             |   |

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

## Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

|   | 1%<br>Decrease<br>(6.5%) | Current<br>Assumption<br>(7.5%) | 1%<br>Increase<br>(8.5%) |
|---|--------------------------|---------------------------------|--------------------------|
| School District's proportionate<br>share of the net pension liability (asset) | <u>\$ 7,549,069</u>      | <u>\$ 1,132,570</u>             | <u>\$ (4,284,546)</u>    |

The components of the collective net pension liability of ERS as of the March 31, 2015 measurement date were as follows:

|  |                         |
|--|-------------------------|
| Total pension liability  | \$ 164,591,504,000      |
| ERS fiduciary net position   | <u>161,213,259,000</u>  |
| Employers' net pension liability   | <u>\$ 3,378,245,000</u> |
| ERS fiduciary net position as a<br>percentage of total pension liability | <u>97.9%</u>            |

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2015 represent the projected employer contribution for the period of April 1, 2015 through June 30, 2015 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2015 were \$401,426.

#### **Teachers' Retirement System**

The School District participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at [www.nystrs.org](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

## Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

The TRS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rate for the plan's year ending in 2015 was 17.53%.

At June 30, 2015, the School District reported an asset of \$37,539,478 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The School District's proportion of the net pension asset was based on the School District's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2014, the School District's proportion was .336998%, which was an increase of .000182% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension expense/expenditure of \$(1,346,922) and \$8,738,980, respectively. The pension expenditure of \$8,738,980 was charged to the General Fund. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ -                                 | \$ 548,946                          |
| Changes of assumptions   | -                                    | -                                   |
| Net difference between projected and actual earnings on pension plan investments                                     | -                                    | 25,211,840                          |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | -                                    | 1,071                               |
| School District contributions subsequent to the measurement date   | 8,871,828                            | -                                   |
|  | <u>\$ 8,871,828</u>                  | <u>\$ 25,761,857</u>                |

\$8,871,828 reported as deferred outflows of resources related to TRS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

# Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

| Year Ended<br>June 30, |              |
|------------------------|--------------|
| 2015                   | \$ 6,366,915 |
| 2016                   | 6,366,915    |
| 2017                   | 6,366,915    |
| 2018                   | 6,366,915    |
| 2019                   | 63,955       |
| Thereafter             | 230,242      |

The total pension liability for the June 30, 2014 measurement date was determined by using an actuarial valuation as of June 30, 2013, with update procedures used to roll forward the total pension liability to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by using an actuarial valuation as of June 30, 2012, with update procedures used to roll forward the total pension liability to June 30, 2013. These actuarial valuations used the following actuarial assumptions:

|                            |  |
|----------------------------|--|
| Inflation                  | 3.0%   |
| Projected salary increases | Rates of increase differ based on age and gender. They have been calculated based upon recent TRS member experience. |

| Age | Female  | Male    |
|-----|---------|---------|
| 25  | 10.35 % | 10.91 % |
| 35  | 6.26    | 6.27    |
| 45  | 5.39    | 5.04    |
| 55  | 4.42    | 4.01    |

|                           |   |
|---------------------------|---|
| Projected COLAs           | 1.625% compounded annually  |
| Investment rate of return | 8.0% compounded annually, net of pension plan investment expense, including inflation |

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale AA.

The actuarial assumptions used in the June 30, 2013 and 2012 valuations were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation dates of June 30, 2013 and 2012 are summarized in the following table:

# Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

| Asset Class:                     | Target Allocation |       | Long-Term Expected Real Rate of Return* |       |
|----------------------------------|-------------------|-------|---|-------|
|                                  | 2013              | 2012  | 2013                                    | 2012  |
| Equities:                        |                   |       |   |       |
| Domestic equities                | 37 %              | 37 %  | 7.3 %                                   | 7.0 % |
| International equities           | 18                | 18    | 8.5                                     | 9.1   |
| Real estate                      | 10                | 10    | 5.0                                     | 4.9   |
| Alternative investments          | 7                 | 7     | 11.0                                    | 10.2  |
| Total Equities                   | 72                | 72    |   |       |
| Fixed Income:                    |                   |       |   |       |
| Domestic fixed income securities | 18                | 18    | 1.5                                     | 2.0   |
| Global fixed income securities   | 2                 | 2     | 1.4                                     | 1.7   |
| Mortgages                        | 8                 | 8     | 3.4                                     | 4.0   |
| Short-term                       | -                 | -     | 0.8                                     | 1.2   |
| Total Fixed Income               | 28                | 28    |   |       |
| Total                            | 100 %             | 100 % |   |       |

\* Real rates of return are net of the long-term inflation assumption of 2.3% for 2013 and 2012.

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

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

|  | 1%<br>Decrease<br>(7.0%) | Current<br>Assumption<br>(8.0%) | 1%<br>Increase<br>(9.0%) |
|--|--------------------------|---------------------------------|--------------------------|
| School District's proportionate share of the net pension asset | \$ 809,779               | \$ 37,539,478                   | \$ 68,838,284            |

## Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

The components of the collective net pension asset of TRS as of the June 30, 2014 measurement date were as follows:

|   |                          |
|---|--------------------------|
| Total pension liability   | \$ 97,015,706,548        |
| TRS fiduciary net position  | <u>108,155,083,127</u>   |
| Employers' net pension asset  | <u>\$ 11,139,376,579</u> |
| TRS fiduciary net position as a percentage of total pension liability | <u>111.48%</u>           |

Employer and employee contributions for the year ended June 30, 2015 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2015 represent employee and employer contributions for the fiscal year ended June 30, 2015 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions to TRS as of June 30, 2015 were \$9,144,429.

#### **Other Post Employment Benefit Obligations**

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post employment health care benefits is shared between the School District and the retired employee. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. The cost of retiree health care benefits is recognized as an expenditure/expense as claims are paid.

The School District's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on

## Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The School District is required to accrue on the government-wide financial statements the amounts necessary to finance the Plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

The assumed rates of increase in post retirement benefits are as follows:

| <u>Year Ended</u><br><u>June 30,</u> | <u>Medical</u> |
|--------------------------------------|----------------|
| 2015                                 | 7.00 %         |
| 2016                                 | 6.00           |
| 2017                                 | 5.00           |
| 2018+                                | 4.00           |

The amortization basis is the level percentage of payroll method with an open amortization approach with 24 years remaining in the amortization period. The actuarial assumptions included a 5.0% discount rate of return and a 4% annual payroll growth rate. The School District currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the projected unit credit cost method.

The actuarial assumed investment rate of return ("discount rate") of 5% used by the School District's actuary, Aquarius Capital, for purposes of GASB Statement No. 45 reflects the actuary's view as to the most common discount rate used by school districts in Putnam/Northern Westchester Health Benefits Consortium. Actual results could differ from this estimate and the differences could be material.

The Unfunded Actuarial Accrued Liability ("UAAL") and the Net OPEB Obligation reflected above are very sensitive to changes in the discount rate and other estimates inherent in the calculations. Currently, the School District is not permitted to set aside assets for the purposes of paying post employment benefits. If the School District were able to set aside assets for these purposes, the current investment rates of return would likely be less than 5% based on the nature of the investments in which the School District's is permitted to invest.

Aquarius Capital provided two scenarios of the impact of reducing the discount rate from 5% to 4% to 3%. If the discount rate is reduced from 5% to 4%, the unfunded accrued liability as of July 1, 2014 would increase from \$101.0 million to \$117.8 million, or an increase of \$16.8 million, and the Net OPEB Obligation would increase by \$1.7 million as of June 30, 2015. If the discount rate is reduced from 5% to 3%, the unfunded accrued liability as of July 1, 2014 would increase from \$101.0 million to \$139.7 million, or an increase of \$38.7 million, and the Net OPEB Obligation would increase by \$4.0 million as of June 30, 2015. The following table summarizes the actuarial impact of the changes described above:

**Chappaqua Central School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

| <u>Assumed<br/>Discount<br/>Rate</u> | <u>UAAL<br/>(in millions)</u> | <u>Change From<br/>Current UAAL<br/>(in millions)</u> | <u>Change From<br/>Current Net<br/>OPEB Obligation<br/>(in millions)</u> |
|--------------------------------------|-------------------------------|---|--|
| 5% (Current)                         | \$ 101.0                      | N/A   | N/A  |
| 4%                                   | 117.8                         | \$ 16.8   | \$ 1.7   |
| 3%                                   | 139.7                         | 38.7  | 4.0  |

The number of participants as of June 30, 2015 was as follows:

|                   |            |
|-------------------|------------|
| Active Employees  | 596        |
| Retired Employees | <u>372</u> |
|                   | <u>968</u> |

|  |                       |
|--|-----------------------|
| Amortization Component:                        |                       |
| Actuarial Accrued Liability as of July 1, 2014 | \$ 100,967,748        |
| Assets at Market Value                         | <u>-</u>              |
| Unfunded Actuarial Accrued Liability ("UAAL")  | <u>\$ 100,967,748</u> |
| Funded Ratio                                   | <u>0.00%</u>          |
| Covered Payroll (active plan members)          | <u>\$ 59,807,497</u>  |
| UAAL as a Percentage of Covered Payroll        | <u>168.82%</u>        |
| Annual Required Contribution                   | \$ 5,451,461          |
| Interest on Net OPEB Obligation                | 599,721               |
| Adjustment to Annual Required Contribution     | <u>(1,126,929)</u>    |
| Annual OPEB Cost                               | 4,924,253             |
| Contributions Made                             | <u>(4,287,847)</u>    |
| Increase in Net OPEB Obligation                | 636,406               |
| Net OPEB Obligation - Beginning of year        | <u>11,994,410</u>     |
| Net OPEB Obligation - End of year              | <u>\$ 12,630,816</u>  |



## Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years are as follows:

| <u>Fiscal<br/>Year Ended<br/>June 30,</u> | <u>Annual<br/>OPEB Cost</u> | <u>Percentage of<br/>Annual OPEB<br/>Cost Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|---|-----------------------------|---|--------------------------------|
| 2015                                      | \$ 4,924,253                | 87.08 %   | \$ 12,630,816                  |
| 2014                                      | 4,768,621                   | 91.98   | 11,994,410                     |
| 2013                                      | 5,274,586                   | 82.81   | 11,611,863                     |

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

## **G. Revenues and Expenditures**

### **Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

| <u>Transfers Out</u>  | <u>Transfer In</u>      |                             |                                      | <u>Total</u>      |
|-----------------------|-------------------------|-----------------------------|--------------------------------------|-------------------|
|                       | <u>General<br/>Fund</u> | <u>Special<br/>Aid Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> |                   |
| General Fund          | \$ -                    | \$ 169,593                  | \$ 250,000                           | \$ 419,593        |
| Capital Projects Fund | 14,819                  | -                           | -                                    | 14,819            |
|                       | <u>\$ 14,819</u>        | <u>\$ 169,593</u>           | <u>\$ 250,000</u>                    | <u>\$ 434,412</u> |

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Capital Projects funds expenditures and to transfer available resources from the Capital Projects Fund to the General Fund.

## **H. Net Position**

The components of net position are detailed below:

*Net Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

## Chappaqua Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

*Restricted for Tax Certiorari* - the component of net position that has been established in accordance with Education Law to provide funding for court ordered tax refunds which are currently in process.

*Restricted for Unemployment Benefits* - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6m of the General Municipal Law of the State of New York.

*Restricted for Property Loss* - the component of net position that has been established in accordance with Education Law to set aside funds for the deductible provisions of the School District's insurance policies.

*Restricted for Insurance* - the component of net position that has been established to set aside funds to repair assets funded by insurance recoveries pursuant to Educational Law.

*Restricted for Liability Claims* - the component of net position that has been established to set aside funds for liability claims incurred pursuant to Education Law.

*Restricted for Repairs* - the component of net position that has been established in accordance with Education Law to provide funds for the repairs to capital improvements and equipment.

*Restricted for Retirement Contributions* - the component of net position that has been established in accordance with General Municipal Law section 6r to provide funds for the purpose of paying retirement contributions to the New York State Local Employees Retirement System (ERS).

*Restricted for Debt Service* - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

*Restricted for School Lunch* - the component of net position that reports the difference between assets and liabilities in the School Lunch Fund.

*Restricted for Special Purpose* - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

*Unrestricted* - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

# Chappaqua Central School District, New York

## Notes to Financial Statements (Continued)

June 30, 2015

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

#### I. Fund Balances

|                                     | 2015          |                  |                       |                              |               | 2014          |                       |                              |               |        |
|-------------------------------------|---------------|------------------|-----------------------|------------------------------|---------------|---------------|-----------------------|------------------------------|---------------|--------|
|                                     | General Fund  | Special Aid Fund | Capital Projects Fund | Non-Major Governmental Funds | Total         | General Fund  | Capital Projects Fund | Non-Major Governmental Funds | Total         |        |
| Nonspendable                        |               |                  |                       |                              |               |               |                       |                              |               |        |
| Inventories                         | \$ -          | \$ -             | \$ -                  | \$ 5,557                     | \$ 5,557      | \$ -          | \$ -                  | \$ 9,237                     | \$ 9,237      |        |
| Prepaid expenditures                | 74,182        | -                | -                     | -                            | 74,182        | 26,845        | -                     | -                            | -             | 26,845 |
| Long term receivable                | -             | 1,200,000        | -                     | -                            | 1,200,000     | -             | -                     | -                            | -             | -      |
| Advances                            | 1,200,000     | -                | -                     | -                            | 1,200,000     | -             | -                     | -                            | -             | -      |
| Total Nonspendable                  | 1,274,182     | 1,200,000        | -                     | 5,557                        | 2,479,739     | 26,845        | -                     | 9,237                        | 36,082        |        |
| Restricted                          |               |                  |                       |                              |               |               |                       |                              |               |        |
| Tax certiorari                      | 2,811,052     | -                | -                     | -                            | 2,811,052     | 4,630,905     | -                     | -                            | 4,630,905     |        |
| Unemployment benefits               | 150,666       | -                | -                     | -                            | 150,666       | 150,629       | -                     | -                            | 150,629       |        |
| Property loss                       | 59,104        | -                | -                     | -                            | 59,104        | 59,090        | -                     | -                            | 59,090        |        |
| Insurance                           | 210,356       | -                | -                     | -                            | 210,356       | 210,305       | -                     | -                            | 210,305       |        |
| Liability claims                    | 218,664       | -                | -                     | -                            | 218,664       | 218,611       | -                     | -                            | 218,611       |        |
| Employee benefit accrued liability  | 2,921,522     | -                | -                     | -                            | 2,921,522     | 3,222,992     | -                     | -                            | 3,222,992     |        |
| Repairs                             | 137,308       | -                | -                     | -                            | 137,308       | 137,234       | -                     | -                            | 137,234       |        |
| Retirement contributions            | 1,861,431     | -                | -                     | -                            | 1,861,431     | 2,010,941     | -                     | -                            | 2,010,941     |        |
| Debt service                        | 14,819        | -                | -                     | -                            | 14,819        | -             | 74,691                | -                            | 74,691        |        |
| Capital projects                    | -             | -                | 10,242                | -                            | 10,242        | -             | -                     | 35,054                       | 35,054        |        |
| Special purposes                    | -             | -                | -                     | 32,347                       | 32,347        | -             | -                     | -                            | -             |        |
| Total Restricted                    | 8,384,922     | -                | 10,242                | 32,347                       | 8,427,511     | 10,640,707    | 74,691                | 35,054                       | 10,750,452    |        |
| Assigned                            |               |                  |                       |                              |               |               |                       |                              |               |        |
| Purchases on order                  | 862,876       | -                | -                     | -                            | 862,876       | 867,765       | -                     | -                            | 867,765       |        |
| General government support          | 194,767       | -                | -                     | -                            | 194,767       | 353,698       | -                     | -                            | 353,698       |        |
| Instruction                         | 21,400        | -                | -                     | -                            | 21,400        | 44,263        | -                     | -                            | 44,263        |        |
| Transportation                      | 1,079,043     | -                | -                     | -                            | 1,079,043     | 1,265,726     | -                     | -                            | 1,265,726     |        |
| Subsequent year's expenditures from |               |                  |                       |                              |               |               |                       |                              |               |        |
| Retirement contribution restriction | 150,000       | -                | -                     | 596,518                      | 150,000       | 500,000       | -                     | -                            | 500,000       |        |
| School lunch fund                   | -             | -                | -                     | -                            | 596,518       | -             | -                     | 439,557                      | 439,557       |        |
| Unassigned fund balance             | 2,100,000     | -                | -                     | -                            | 2,100,000     | 1,850,000     | -                     | -                            | 1,850,000     |        |
| Total Assigned                      | 2,250,000     | -                | -                     | 596,518                      | 2,846,518     | 2,350,000     | -                     | 439,557                      | 2,789,557     |        |
| Unassigned                          | 3,329,043     | -                | -                     | 596,518                      | 3,925,561     | 3,615,726     | -                     | 439,557                      | 4,055,283     |        |
| Total Fund Balances                 | 4,715,478     | (1,200,000)      | -                     | -                            | 3,515,478     | 4,664,107     | -                     | -                            | 4,664,107     |        |
|                                     | \$ 17,703,625 | \$ -             | \$ 10,242             | \$ 634,422                   | \$ 18,348,289 | \$ 18,947,385 | \$ 74,691             | \$ 483,848                   | \$ 19,505,924 |        |

## **Chappaqua Central School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

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

Long term receivables have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of amounts that will not be collected within one year.

Advances have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of amounts advanced to the Special Aid Fund that will not be repaid within one year.

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to Section 6r of General Municipal Law of the State of New York to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2015, the Board of Education has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or committed. Unassigned fund balance in the Special Aid Fund represents the deficit in the fund.

### **Note 4 - Summary Disclosure of Significant Contingencies**

#### **A. Litigation**

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

At the end of June 30, 2015, the School District was involved in five tuition reimbursement matters in which the parents of the students have requested an impartial hearing seeking tuition reimbursement at private schools. Of these five cases, in one case the District prevailed at the impartial hearing officer and State Review Officer ("SRO") levels. The parents appealed the SRO decision to the federal district court. In another case the District prevailed at the impartial hearing office and the parents have appealed to the SRO. In a third case, the District prevailed at the impartial hearing. If the parents are successful, the School District could be obligated for tuition reimbursement and the parents' attorneys. The total amount of this obligation is currently unknown. These cases are presently being defended aggressively.

**B. Contingencies**

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the School District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

**C. Risk Management**

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million. The School District maintains liability coverage for school board members up to \$1 million. The School District also maintains an umbrella policy with coverage up to \$25 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## Chappaqua Central School District, New York

Notes to Financial Statements (Concluded)  
June 30, 2015

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### **Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Westchester-Putnam Schools Cooperative Self-Insurance Plan for Workers' Compensation. The purpose of the Plan is to provide efficient and economical evaluation, processing, administration, defense and payment of claims against plan members for workers' compensation and to provide for risk management to reduce future liability for workers' compensation and employers' liability payments. The Plan is managed and governed by a Board of Trustees comprised of a representative from each district. Billings are based upon participants' experience rating. The School District has transferred all related risk to the Plan.

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Northern Westchester – Putnam School Cooperative Medical Expense Benefit Plan. The Plan operates under an agreement dated February 17, 1987. The purposes of the Plan are to provide for the efficient and economical evaluation, processing, administration and payment of claims against Plan members for medical expenses through self-insurance and to provide for centralized administration, funding and disbursements for such services. The governance of the Plan rests in the Board of Trustees, which shall consist of five Trustees selected by the Plan members. A majority of the total number of Trustees shall be required to take any actions. The billings are based upon coverages provided each participant's employees. The School District has transferred all related risk to the Plan.

#### **D. Leases**

The School District leases office facilities and equipment under noncancelable operating leases. The total cost for these leases was \$143,074 for the year ended June 30, 2015. The future minimum lease payments for these leases are as follows:

| <u>Year Ending<br/>June 30,</u> | <u>Amount</u>     |
|---------------------------------|-------------------|
| 2016                            | \$ 188,102        |
| 2017                            | 188,002           |
| 2018                            | <u>172,863</u>    |
|                                 | <u>\$ 549,607</u> |

### **Note 5 - Subsequent Events**

The School District, on July 30, 2015, issued an \$4,500,000 note in anticipation of 2015-16 property taxes. The note matures on June 30, 2016 and bears interest at a rate of 0.64%.

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**Chappaqua Central School District, New York**

Required Supplementary Information - Schedule of Funding Progress  
Other Post Employment Benefits  
Last Three Fiscal Years

| Valuation Date | Actuarial       |                   | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | Unfunded Liability as a Percentage of Covered Payroll |
|----------------|-----------------|-------------------|--------------------------------------|--------------|-----------------|---|
|                | Value of Assets | Accrued Liability |                                      |              |                 |   |
| July 1, 2012   | -               | 98,935,337        | 98,935,337                           | - %          | 59,071,254      | 167.48 %  |
| July 1, 2013   | -               | 97,392,041        | 97,392,041                           | -            | 59,714,432      | 163.10  |
| July 1, 2014   | -               | 100,967,748       | 100,967,748                          | -            | 59,807,497      | 168.82  |

## Chappaqua Central School District, New York

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

|  | 2015                   |
|--|------------------------|
| School District's proportion of the net pension liability (asset)  | <u>33.699800%</u>      |
| School District's proportionate share of the net pension liability (asset)   | <u>\$ (37,539,478)</u> |
| School District's covered-employee payroll   | <u>\$ 50,635,655</u>   |
| School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | <u>(74.14)%</u>        |
| Plan fiduciary net position as a percentage of the total pension liability   | <u>111.48%</u>         |

Note - The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.



**Chappaqua Central School District, New York**

Required Supplementary Information - Schedule of Contributions  
New York State Teachers' Retirement System  
Last Ten Fiscal Years (1)

|   | <u>2015</u>          |
|---|----------------------|
| Contractually required contribution                                     | \$ 8,871,828         |
| Contributions in relation to the<br>contractually required contribution | <u>(8,871,828)</u>   |
| Contribution deficiency (excess)  | <u>\$ -</u>          |
| School District's covered-employee payroll                              | <u>\$ 50,635,655</u> |
| Contributions as a percentage of<br>covered-employee payroll            | <u>17.52%</u>        |

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

## Chappaqua Central School District, New York

### Required Supplementary Information - Schedule of the School District's Proportionate Share of the Net Pension Liability New York State and Local Employees' Retirement System Last Ten Fiscal Years (1)

|  | 2015                |
|--|---------------------|
| School District's proportion of the net pension liability (asset)  | <u>3.352540%</u>    |
| School District's proportionate share of the net pension liability (asset)   | <u>\$ 1,132,570</u> |
| School District's covered-employee payroll   | <u>\$ 8,900,621</u> |
| School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | <u>12.72%</u>       |
| Plan fiduciary net position as a percentage of the total pension liability   | <u>97.90%</u>       |

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

# Chappaqua Central School District, New York

## Required Supplementary Information - Schedule of Contributions New York State and Local Employees' Retirement System Last Ten Fiscal Years (1)

|   | <u>2015</u>         |
|---|---------------------|
| Contractually required contribution                                     | \$ 1,987,613        |
| Contributions in relation to the<br>contractually required contribution | <u>(1,987,613)</u>  |
| Contribution deficiency (excess)  | <u>\$ -</u>         |
| School District's covered-employee payroll                              | <u>\$ 8,900,621</u> |
| Contributions as a percentage of<br>covered-employee payroll            | <u>22.33%</u>       |

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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**Chappaqua Central School District, New York**

General Fund  
Comparative Balance Sheet  
June 30,

|                                     | 2015                 | 2014                 |
|-------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                       |                      |                      |
| Cash and equivalents                | \$ 25,781,102        | \$ 26,811,941        |
| Receivables                         |                      |                      |
| Accounts                            | 1,028                | 89                   |
| State and Federal aid               | 1,075,788            | 776,340              |
| Due from other funds                | 372,848              | 1,643,671            |
| Advances to other funds             | 1,200,000            | -                    |
|                                     | <u>2,649,664</u>     | <u>2,420,100</u>     |
| Prepaid expenditures                | <u>74,182</u>        | <u>26,845</u>        |
| Total Assets                        | <u>\$ 28,504,948</u> | <u>\$ 29,258,886</u> |
| <b>LIABILITIES AND FUND BALANCE</b> |                      |                      |
| Liabilities                         |                      |                      |
| Accounts payable                    | \$ 15,180            | \$ 120,718           |
| Accrued liabilities                 | 807,078              | 1,046,153            |
| Due to other funds                  | 108,707              | -                    |
| Due to retirement systems           | 9,545,655            | 8,906,260            |
| Due to other governments            | 304,189              | 201,710              |
| Unearned revenues                   | <u>20,514</u>        | <u>36,660</u>        |
| Total Liabilities                   | <u>10,801,323</u>    | <u>10,311,501</u>    |
| Fund balance                        |                      |                      |
| Nonspendable                        | 1,274,182            | 26,845               |
| Restricted                          | 8,384,922            | 10,640,707           |
| Assigned                            | 3,329,043            | 3,615,726            |
| Unassigned                          | <u>4,715,478</u>     | <u>4,664,107</u>     |
| Total Fund Balance                  | <u>17,703,625</u>    | <u>18,947,385</u>    |
| Total Liabilities and Fund Balance  | <u>\$ 28,504,948</u> | <u>\$ 29,258,886</u> |

**Chappaqua Central School District, New York**

General Fund

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

|  | 2015               |                 |               |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|-------------------|---|
|  | Original<br>Budget | Final<br>Budget | Actual        | Encumbr-<br>ances |   |
| <b>REVENUES</b>                                    |                    |                 |               |                   |   |
| Real property taxes                                | \$ 99,109,849      | \$ 99,109,849   | \$ 99,109,849 | \$                | \$ -  |
| Other tax items                                    | 5,739,376          | 5,741,071       | 5,744,295     |                   | 3,224   |
| Non-property taxes                                 | 775,000            | 775,000         | 838,317       |                   | 63,317  |
| Charges for services                               | 464,191            | 464,191         | 496,923       |                   | 32,732  |
| Use of money and property                          | 260,000            | 260,000         | 247,312       |                   | (12,688)  |
| State aid  | 7,608,572          | 7,608,572       | 8,100,343     |                   | 491,771   |
| Federal aid  | -                  | -               | 26,242        |                   | 26,242  |
| Miscellaneous                                      | 550,000            | 643,130         | 950,795       |                   | 307,665   |
| Total Revenues                                     | 114,506,988        | 114,601,813     | 115,514,076   |                   | 912,263   |
| <b>EXPENDITURES</b>                                |                    |                 |               |                   |   |
| Current  |                    |                 |               |                   |   |
| General support                                    |                    |                 |               |                   |   |
| Board of education                                 | 45,349             | 44,574          | 31,140        | -                 | 13,434  |
| Central administration                             | 372,129            | 383,675         | 383,675       | -                 | -   |
| Finance  | 1,246,408          | 1,270,853       | 1,228,594     | 26,076            | 16,183  |
| Staff  | 799,817            | 840,017         | 712,603       | 94,467            | 32,947  |
| Central services                                   | 8,981,184          | 9,823,346       | 9,068,363     | 611,613           | 143,370   |
| Special items                                      | 1,625,000          | 4,102,258       | 3,963,148     | 130,720           | 8,390   |
| Total General Support                              | 13,069,887         | 16,464,723      | 15,387,523    | 862,876           | 214,324   |
| Instruction  |                    |                 |               |                   |   |
| Instruction, administration and improvement        | 4,504,035          | 4,529,395       | 4,433,954     | 19,633            | 75,808  |
| Teaching - Regular school                          | 38,834,960         | 37,935,994      | 37,606,441    | 124,739           | 204,814   |
| Programs for children with handicapping conditions | 12,244,006         | 11,805,652      | 11,273,194    | 591               | 531,867   |
| Teaching - Special schools                         | 265,042            | 265,042         | 252,564       | 463               | 12,015  |
| Instructional media                                | 2,930,728          | 2,903,529       | 2,837,869     | 25,237            | 40,423  |
| Pupil services                                     | 5,930,505          | 5,968,508       | 5,829,152     | 24,104            | 115,252   |
| Total Instruction                                  | 64,709,276         | 63,408,120      | 62,233,174    | 194,767           | 980,179   |
| Pupil transportation                               | 6,548,770          | 6,787,840       | 6,517,411     | 21,400            | 249,029   |
| Community services                                 | 19,864             | 20,725          | 20,725        | -                 | -   |
| Employee benefits                                  | 27,960,553         | 27,610,310      | 26,874,980    | -                 | 735,330   |
| Debt service                                       |                    |                 |               |                   |   |
| Principal  | 3,482,837          | 3,477,757       | 3,477,757     | -                 | -   |
| Interest   | 1,906,527          | 1,847,937       | 1,841,492     | -                 | 6,445   |
| Total Expenditures                                 | 117,697,714        | 119,617,412     | 116,353,062   | 1,079,043         | 2,185,307   |
| Deficiency of Revenues<br>Over Expenditures        | (3,190,726)        | (5,015,599)     | (838,986)     | (1,079,043)       | 3,097,570   |
| <b>OTHER FINANCING SOURCES (USES)</b>              |                    |                 |               |                   |   |
| Transfers in                                       | -                  | 14,819          | 14,819        | -                 | -   |
| Transfers out                                      | (425,000)          | (421,106)       | (419,593)     | -                 | 1,513   |
| Total Other Financing<br>Uses                      | (425,000)          | (406,287)       | (404,774)     | -                 | 1,513   |
| Net Change in Fund Balance                         | (3,615,726)        | (5,421,886)     | (1,243,760)   | \$ (1,079,043)    | \$ 3,099,083  |
| <b>FUND BALANCE</b>                                |                    |                 |               |                   |   |
| Beginning of Year                                  | 3,615,726          | 5,421,886       | 18,947,385    |                   |   |
| End of Year  | \$ -               | \$ -            | \$ 17,703,625 |                   |   |

| 2014               |                 |               |                   |   |
|--------------------|-----------------|---------------|-------------------|---|
| Original<br>Budget | Final<br>Budget | Actual        | Encumbr-<br>ances | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 97,189,256      | \$ 97,189,256   | \$ 97,187,644 | \$                | \$ (1,612)  |
| 5,921,737          | 5,921,737       | 5,923,399     |                   | 1,662   |
| 755,000            | 755,000         | 823,216       |                   | 68,216  |
| 456,691            | 456,691         | 648,198       |                   | 191,507   |
| 285,000            | 285,000         | 273,655       |                   | (11,345)  |
| 7,000,404          | 7,000,404       | 7,783,821     |                   | 783,417   |
| -                  | -               | 40,039        |                   | 40,039  |
| 470,000            | 752,930         | 989,935       |                   | 237,005   |
| 112,078,088        | 112,361,018     | 113,669,907   |                   | 1,308,889   |
| 57,555             | 53,555          | 47,102        | 635               | 5,818   |
| 361,654            | 377,869         | 372,107       | 140               | 5,622   |
| 1,190,594          | 1,507,140       | 1,302,706     | 133,723           | 70,711  |
| 771,622            | 797,213         | 698,722       | 62,612            | 35,879  |
| 8,316,047          | 10,007,309      | 9,353,091     | 639,155           | 15,063  |
| 1,625,500          | 2,479,392       | 2,297,769     | 31,500            | 150,123   |
| 12,322,972         | 15,222,478      | 14,071,497    | 867,765           | 283,216   |
| 4,507,414          | 4,529,236       | 4,457,903     | 17,946            | 53,387  |
| 38,881,747         | 38,187,669      | 37,967,213    | 216,866           | 3,590   |
| 12,350,365         | 11,474,756      | 11,377,080    | 79,617            | 18,059  |
| 260,000            | 288,644         | 286,820       | -                 | 1,824   |
| 2,902,804          | 2,981,240       | 2,952,167     | 19,018            | 10,055  |
| 5,711,278          | 5,709,634       | 5,639,293     | 20,251            | 50,090  |
| 64,613,608         | 63,171,179      | 62,680,476    | 353,698           | 137,005   |
| 6,403,831          | 6,295,635       | 6,251,372     | 44,263            | -   |
| 18,977             | 19,864          | 19,864        | -                 | -   |
| 27,328,294         | 26,354,375      | 26,293,295    | -                 | 61,080  |
| 3,221,304          | 3,218,205       | 3,218,205     | -                 | -   |
| 2,028,655          | 1,969,362       | 1,969,362     | -                 | -   |
| 115,937,641        | 116,251,098     | 114,504,071   | 1,265,726         | 481,301   |
| (3,859,553)        | (3,890,080)     | (834,164)     | (1,265,726)       | 1,790,190   |
| 3,857              | 3,857           | 3,857         | -                 | -   |
| (380,000)          | (349,473)       | (349,473)     | -                 | -   |
| (376,143)          | (345,616)       | (345,616)     | -                 | -   |
| (4,235,696)        | (4,235,696)     | (1,179,780)   | \$ (1,265,726)    | \$ 1,790,190  |
| 4,235,696          | 4,235,696       | 20,127,165    |                   |   |
| \$ -               | \$ -            | \$ 18,947,385 |                   |   |

**Chappaqua Central School District, New York**

General Fund  
Schedule of Revenues and Other Financing Sources Compared to Budget  
Year Ended June 30, 2015

|   | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|---------------|---|
| <b>REAL PROPERTY TAXES</b>                | \$ 99,109,849      | \$ 99,109,849   | \$ 99,109,849 | \$ -  |
| <b>OTHER TAX ITEMS</b>                    |                    |                 |               |   |
| School tax relief reimbursement           | 5,739,376          | 5,741,071       | 5,744,295     | 3,224   |
| <b>NON-PROPERTY TAXES</b>                 |                    |                 |               |   |
| Non-property tax distribution from County | 775,000            | 775,000         | 838,317       | 63,317  |
| <b>CHARGES FOR SERVICES</b>               |                    |                 |               |   |
| Continuing education tuition              | 265,000            | 265,000         | 256,690       | (8,310)   |
| Other student fees and charges            | 199,191            | 199,191         | 240,233       | 41,042  |
|   | 464,191            | 464,191         | 496,923       | 32,732  |
| <b>USE OF MONEY AND PROPERTY</b>          |                    |                 |               |   |
| Earnings on investments                   | 125,000            | 125,000         | 96,310        | (28,690)  |
| Rental of real property                   | 135,000            | 135,000         | 149,753       | 14,753  |
| Commissions                               | -                  | -               | 1,249         | 1,249   |
|   | 260,000            | 260,000         | 247,312       | (12,688)  |
| <b>STATE AID</b>                          |                    |                 |               |   |
| Basic formula                             | 5,595,899          | 5,595,899       | 5,607,763     | 11,864  |
| BOCES                                     | 901,810            | 901,810         | 1,004,517     | 102,707   |
| Textbooks                                 | 237,136            | 237,136         | 175,941       | (61,195)  |
| Lottery                                   | 326,926            | 326,926         | 640,162       | 313,236   |
| Computer software aid                     | 71,783             | 71,783          | 71,748        | (35)  |
| Library aid                               | 25,018             | 25,018          | 25,006        | (12)  |
| Tuition aided handicapped                 | -                  | -               | 134,528       | 134,528   |
| Homeless aid                              | 450,000            | 450,000         | 440,678       | (9,322)   |
|   | 7,608,572          | 7,608,572       | 8,100,343     | 491,771   |



|   |                |                |                |            |  |
|---|----------------|----------------|----------------|------------|--|
| <b>FEDERAL AID</b>                                |                |                |                |            |  |
| Medical assistance                                | -              | -              | 26,242         | 26,242     |  |
| <b>MISCELLANEOUS</b>                              |                |                |                |            |  |
| Refund of prior year's expenditures               | 300,000        | 300,000        | 357,570        | 57,570     |  |
| Refund of BOCES aided services                    | -              | -              | 36,991         | 36,991     |  |
| Gifts and donations                               | -              | 93,130         | 93,130         | -          |  |
| Other   | 250,000        | 250,000        | 463,104        | 213,104    |  |
|   | 550,000        | 643,130        | 950,795        | 307,665    |  |
| <b>TOTAL REVENUES</b>                             | 114,506,988    | 114,601,813    | 115,514,076    | 912,263    |  |
| <b>OTHER FINANCING SOURCES</b>                    |                |                |                |            |  |
| Transfers in                                      | -              | 14,819         | 14,819         | -          |  |
| Capital Projects Fund                             | -              | -              | -              | -          |  |
| <b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b> | \$ 114,506,988 | \$ 114,616,632 | \$ 115,528,895 | \$ 912,263 |  |

# Chappaqua Central School District, New York

## General Fund

### Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2015

|                                 | Original<br>Budget | \$ | Final<br>Budget | \$ | Actual    | Encumbrances | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------|--------------------|----|-----------------|----|-----------|--------------|---|
| <b>GENERAL SUPPORT</b>          |                    |    |                 |    |           |              |   |
| <b>BOARD OF EDUCATION</b>       |                    |    |                 |    |           |              |   |
| Board of education              | 13,410             | \$ | 12,635          | \$ | 9,898     | -            | \$ 2,737  |
| District clerk                  | 20,339             |    | 20,339          |    | 15,641    | -            | 4,698   |
| District meeting                | 11,600             |    | 11,600          |    | 5,601     | -            | 5,999   |
| Total Board of Education        | 45,349             |    | 44,574          |    | 31,140    | -            | 13,434  |
| <b>CENTRAL ADMINISTRATION</b>   |                    |    |                 |    |           |              |   |
| Chief school administrator      | 372,129            |    | 383,675         |    | 383,675   | -            | -   |
| <b>FINANCE</b>                  |                    |    |                 |    |           |              |   |
| Business administration         | 1,124,147          |    | 1,148,592       |    | 1,130,636 | 17,956       | -   |
| Accounting and auditing         | 122,261            |    | 122,261         |    | 97,958    | 8,120        | 16,183  |
| Total Finance                   | 1,246,408          |    | 1,270,853       |    | 1,228,594 | 26,076       | 16,183  |
| <b>STAFF</b>                    |                    |    |                 |    |           |              |   |
| Legal                           | 334,472            |    | 374,672         |    | 261,508   | 85,512       | 27,652  |
| Personnel                       | 404,766            |    | 404,766         |    | 390,684   | 8,955        | 5,127   |
| Public information and services | 60,579             |    | 60,579          |    | 60,411    | -            | 168   |
| Total Staff                     | 799,817            |    | 840,017         |    | 712,603   | 94,467       | 32,947  |

|                                |            |            |            |         |
|--------------------------------|------------|------------|------------|---------|
| <b>CENTRAL SERVICES</b>        |            |            |            |         |
| Operation of plant             | 6,498,094  | 6,739,438  | 6,549,444  | 189,994 |
| Maintenance of plant           | 2,483,090  | 3,083,908  | 2,518,919  | 421,619 |
|                                |            |            |            | 143,370 |
| Total Central Services         | 8,981,184  | 9,823,346  | 9,068,363  | 611,613 |
|                                |            |            |            | 143,370 |
| <b>SPECIAL ITEMS</b>           |            |            |            |         |
| Unallocated insurance          | 400,000    | 410,783    | 356,783    | 54,000  |
| Judgments and claims           | 206,500    | 266,252    | 192,402    | 73,850  |
| School association dues        | 22,500     | 22,500     | 19,629     | 635     |
| Assessments on school property | 68,000     | 68,000     | 61,846     | -       |
| Refunds of real property taxes | 100,000    | 2,085,586  | 2,085,586  | -       |
| Administrative charge - BOCES  | 828,000    | 1,249,137  | 1,246,902  | 2,235   |
|                                |            |            |            | -       |
| Total Special Items            | 1,625,000  | 4,102,258  | 3,963,148  | 130,720 |
|                                |            |            |            | 8,390   |
| Total General Support          | 13,069,887 | 16,464,723 | 15,387,523 | 862,876 |
|                                |            |            |            | 214,324 |

## INSTRUCTION

### INSTRUCTION, ADMINISTRATION AND IMPROVEMENT

|  |           |           |           |       |        |
|--|-----------|-----------|-----------|-------|--------|
| Curriculum development and supervision | 881,035   | 918,349   | 855,588   | 6,953 | 55,808 |
| Supervision - Regular school           | 3,605,000 | 3,582,019 | 3,577,839 | 4,180 | -      |
| Research, planning and evaluation      | 18,000    | 29,027    | 527       | 8,500 | 20,000 |

Total Instruction, Administration  
and Improvement

|  |           |           |           |        |        |
|--|-----------|-----------|-----------|--------|--------|
|  | 4,504,035 | 4,529,395 | 4,433,954 | 19,633 | 75,808 |
|--|-----------|-----------|-----------|--------|--------|

### TEACHING - REGULAR SCHOOL

|  |            |            |            |         |         |
|--|------------|------------|------------|---------|---------|
|  | 38,834,960 | 37,935,994 | 37,606,441 | 124,739 | 204,814 |
|--|------------|------------|------------|---------|---------|

### PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS

Programs for students with disabilities

|  |            |            |            |     |         |
|--|------------|------------|------------|-----|---------|
|  | 12,244,006 | 11,805,652 | 11,273,194 | 591 | 531,867 |
|--|------------|------------|------------|-----|---------|

### TEACHING - SPECIAL SCHOOLS

|  |         |         |         |     |        |
|--|---------|---------|---------|-----|--------|
|  | 265,042 | 265,042 | 252,564 | 463 | 12,015 |
|--|---------|---------|---------|-----|--------|

(Continued)

# Chappaqua Central School District, New York

## General Fund

### Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued) Year Ended June 30, 2015

|  | Original<br>Budget | Final<br>Budget | Actual       | Encumbr-<br>ances | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|--------------|-------------------|---|
| <b>INSTRUCTION (Continued)</b>             |                    |                 |              |                   |   |
| <b>INSTRUCTIONAL MEDIA</b>                 |                    |                 |              |                   |   |
| School library and audiovisual             | \$ 1,309,072       | \$ 1,247,268    | \$ 1,203,659 | \$ 4,032          | \$ 39,577   |
| Computer assisted instruction              | 1,621,656          | 1,656,261       | 1,634,210    | 21,205            | 846   |
| Total Instructional Media                  | 2,930,728          | 2,903,529       | 2,837,869    | 25,237            | 40,423  |
| <b>PUPIL SERVICES</b>                      |                    |                 |              |                   |   |
| Attendance - Regular school                | 43,167             | 43,167          | 43,167       | -                 | -   |
| Guidance - Regular school                  | 2,292,992          | 2,290,664       | 2,240,897    | 657               | 49,110  |
| Health services - Regular school           | 715,924            | 715,427         | 682,224      | 259               | 32,944  |
| Psychological services - Regular school    | 1,259,624          | 1,280,579       | 1,280,579    | -                 | -   |
| Co-curricular activities - Regular school  | 388,949            | 399,058         | 368,078      | 3,278             | 27,702  |
| Interscholastic athletics - Regular school | 1,229,849          | 1,239,613       | 1,214,207    | 19,910            | 5,496   |
| Total Pupil Services                       | 5,930,505          | 5,968,508       | 5,829,152    | 24,104            | 115,252   |
| Total Instruction                          | 64,709,276         | 63,408,120      | 62,233,174   | 194,767           | 980,179   |
| <b>PUPIL TRANSPORTATION</b>                |                    |                 |              |                   |   |
| Contract and public carrier transportation | 6,548,770          | 6,787,840       | 6,517,411    | 21,400            | 249,029   |
| <b>COMMUNITY SERVICES</b>                  |                    |                 |              |                   |   |
| Census                                     | 19,864             | 20,725          | 20,725       | -                 | -   |

**EMPLOYEE BENEFITS**

|                                |                   |                   |                   |          |                |
|--------------------------------|-------------------|-------------------|-------------------|----------|----------------|
| State retirement               | 1,825,500         | 1,801,338         | 1,686,787         | -        | 114,551        |
| Teachers' retirement           | 9,013,000         | 8,944,088         | 8,738,980         | -        | 205,108        |
| Social security                | 4,306,750         | 4,236,900         | 4,132,204         | -        | 104,696        |
| Hospital and medical insurance | 11,399,353        | 11,029,883        | 10,847,411        | -        | 182,472        |
| Dental and vision insurance    | 94,900            | 94,900            | 91,266            | -        | 3,634          |
| Workers' compensation benefits | 325,500           | 339,763           | 338,151           | -        | 1,612          |
| Unemployment benefits          | 125,000           | 117,094           | 33,450            | -        | 83,644         |
| Disability insurance           | 19,300            | 19,300            | 17,443            | -        | 1,857          |
| Life insurance                 | 15,200            | 22,082            | 21,997            | -        | 85             |
| Union welfare benefits         | 821,000           | 821,000           | 783,329           | -        | 37,671         |
| Other benefits                 | 15,050            | 183,962           | 183,962           | -        | -              |
| <b>Total Employee Benefits</b> | <b>27,960,553</b> | <b>27,610,310</b> | <b>26,874,980</b> | <b>-</b> | <b>735,330</b> |

**DEBT SERVICE**

|                                  |                    |                    |                    |                  |                  |
|----------------------------------|--------------------|--------------------|--------------------|------------------|------------------|
| Principal                        |                    |                    |                    |                  |                  |
| Serial bonds                     | 2,420,000          | 2,420,000          | 2,420,000          | -                | -                |
| Energy performance contract debt | 682,368            | 682,369            | 682,369            | -                | -                |
| Installment purchase debt        | 380,469            | 375,388            | 375,388            | -                | -                |
|                                  | <b>3,482,837</b>   | <b>3,477,757</b>   | <b>3,477,757</b>   | <b>-</b>         | <b>-</b>         |
| Interest                         |                    |                    |                    |                  |                  |
| Serial bonds                     | 1,532,114          | 1,500,056          | 1,500,056          | -                | -                |
| Energy performance contract debt | 261,691            | 261,690            | 261,690            | -                | -                |
| Installment purchase debt        | 12,722             | 32,183             | 25,738             | -                | 6,445            |
| Tax anticipation note            | 100,000            | 54,008             | 54,008             | -                | -                |
|                                  | <b>1,906,527</b>   | <b>1,847,937</b>   | <b>1,841,492</b>   | <b>-</b>         | <b>6,445</b>     |
| <b>TOTAL EXPENDITURES</b>        | <b>117,697,714</b> | <b>119,617,412</b> | <b>116,353,062</b> | <b>1,079,043</b> | <b>2,185,307</b> |

**OTHER FINANCING USES**

|                                   |                |                |                |          |              |
|-----------------------------------|----------------|----------------|----------------|----------|--------------|
| Transfers out                     |                |                |                |          |              |
| Special Aid Fund                  | 175,000        | 171,106        | 169,593        | -        | 1,513        |
| Capital Projects Fund             | 250,000        | 250,000        | 250,000        | -        | -            |
| <b>TOTAL OTHER FINANCING USES</b> | <b>425,000</b> | <b>421,106</b> | <b>419,593</b> | <b>-</b> | <b>1,513</b> |

**TOTAL EXPENDITURES AND  
OTHER FINANCING USES**

|                       |                       |                       |                     |                     |
|-----------------------|-----------------------|-----------------------|---------------------|---------------------|
| <b>\$ 118,122,714</b> | <b>\$ 120,038,518</b> | <b>\$ 116,772,655</b> | <b>\$ 1,079,043</b> | <b>\$ 2,186,820</b> |
|-----------------------|-----------------------|-----------------------|---------------------|---------------------|

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**Chappaqua Central School District, New York**

Special Aid Fund  
Comparative Balance Sheet  
June 30,

|                                     | <u>2015</u>         | <u>2014</u>         |
|-------------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                       |                     |                     |
| Cash and equivalents                | \$ 6,891            | \$ 137,769          |
| State and Federal aid receivable    | <u>1,565,957</u>    | <u>1,505,902</u>    |
| Total Assets                        | <u>\$ 1,572,848</u> | <u>\$ 1,643,671</u> |
| <b>LIABILITIES AND FUND BALANCE</b> |                     |                     |
| Liabilities                         |                     |                     |
| Due to other funds                  | \$ 372,848          | \$ 1,643,671        |
| Advances from other funds           | <u>1,200,000</u>    | <u>-</u>            |
| Total Liabilities                   | <u>1,572,848</u>    | <u>1,643,671</u>    |
| Fund balance (deficit)              |                     |                     |
| Nonspendable                        | 1,200,000           | -                   |
| Unassigned                          | <u>(1,200,000)</u>  | <u>-</u>            |
| Total Fund Balance                  | <u>-</u>            | <u>-</u>            |
| Total Liabilities and Fund Balance  | <u>\$ 1,572,848</u> | <u>\$ 1,643,671</u> |

**Chappaqua Central School District, New York**

**Special Aid Fund**

**Comparative Schedule of Revenues, Expenditures and**

**Changes in Fund Balance - Budget and Actual**

**Years Ended June 30,**

|   | 2015               |                 |            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|------------|---|
|   | Original<br>Budget | Final<br>Budget | Actual     |   |
| <b>REVENUES</b>                             |                    |                 |            |   |
| State aid                                   | \$ 700,000         | \$ 678,373      | \$ 678,372 | \$ (1)  |
| Federal aid                                 | 992,032            | 992,032         | 888,428    | (103,604)   |
| Total Revenues                              | 1,692,032          | 1,670,405       | 1,566,800  | (103,605)   |
| <b>EXPENDITURES</b>                         |                    |                 |            |   |
| Current                                     |                    |                 |            |   |
| Instruction                                 | 1,867,032          | 1,841,511       | 1,736,393  | 105,118   |
| Deficiency of Revenues<br>Over Expenditures | (175,000)          | (171,106)       | (169,593)  | 1,513   |
| <b>OTHER FINANCING SOURCES</b>              |                    |                 |            |   |
| Transfers in                                | 175,000            | 171,106         | 169,593    | (1,513)   |
| Net Change in Fund Balance                  | -                  | -               | -          | -   |
| <b>FUND BALANCE</b>                         |                    |                 |            |   |
| Beginning of Year                           | -                  | -               | -          | -   |
| End of Year                                 | \$ -               | \$ -            | \$ -       | \$ -  |



| 2014               |                 |            |   |
|--------------------|-----------------|------------|---|
| Original<br>Budget | Final<br>Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 567,366         | \$ 597,893      | \$ 597,893 | \$ -  |
| 883,780            | 883,211         | 818,360    | (64,851)  |
| 1,451,146          | 1,481,104       | 1,416,253  | (64,851)  |
| 1,631,146          | 1,630,577       | 1,565,726  | 64,851  |
| (180,000)          | (149,473)       | (149,473)  | -   |
| 180,000            | 149,473         | 149,473    | -   |
| -                  | -               | -          | -   |
| -                  | -               | -          | -   |
| \$ -               | \$ -            | \$ -       | \$ -  |

**Chappaqua Central School District, New York**

Capital Projects Fund  
Comparative Balance Sheet  
June 30,

---

|                      | <u>2015</u>      | <u>2014</u>      |
|----------------------|------------------|------------------|
| <b>ASSETS</b>        |                  |                  |
| Cash and equivalents | \$ 10,242        | \$ 25,001        |
| Restricted cash      | <u>-</u>         | <u>49,690</u>    |
| Total Assets         | <u>\$ 10,242</u> | <u>\$ 74,691</u> |
| <b>FUND BALANCE</b>  |                  |                  |
| Restricted           | <u>\$ 10,242</u> | <u>\$ 74,691</u> |

**Chappaqua Central School District, New York****Capital Projects Fund****Comparative Statement of Revenues, Expenditures  
and Changes in Fund Balance**

Years Ended June 30,

|  | <u>2015</u>      | <u>2014</u>        |
|--|------------------|--------------------|
| <b>REVENUES</b>                          |                  |                    |
| Miscellaneous                            | \$ -             | \$ 25,000          |
| <b>EXPENDITURES</b>                      |                  |                    |
| Capital outlay                           | <u>695,896</u>   | <u>3,387,964</u>   |
| Deficiency of Revenues Over Expenditures | <u>(695,896)</u> | <u>(3,362,964)</u> |
| <b>OTHER FINANCING SOURCES (USES)</b>    |                  |                    |
| Installment purchase debt issued         | 396,266          | 208,217            |
| Transfers in                             | 250,000          | 200,000            |
| Transfers out                            | <u>(14,819)</u>  | <u>(3,857)</u>     |
| Total Other Financing Sources            | <u>631,447</u>   | <u>404,360</u>     |
| Net Change in Fund Balance               | (64,449)         | (2,958,604)        |
| <b>FUND BALANCE</b>                      |                  |                    |
| Beginning of Year                        | <u>74,691</u>    | <u>3,033,295</u>   |
| End of Year                              | <u>\$ 10,242</u> | <u>\$ 74,691</u>   |

Chappaqua Central School District, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2015

| PROJECT                                    | Authorization       | Expenditures and Transfers to Date |                   |                     | Unexpended<br>Balance |
|--|---------------------|------------------------------------|-------------------|---------------------|-----------------------|
|  |                     | Prior<br>Years                     | Current<br>Year   | Total               |                       |
| Energy Performance<br>Contract - Phase II  | \$ 5,752,450        | \$ 5,702,760                       | \$ 49,690         | \$ 5,752,450        | \$ -                  |
| Horace Greely High School<br>Turf and Roof | 582,818             | 307,817                            | 264,759           | 572,576             | 10,242                |
| Installment Purchase<br>Debt - Computers   | 396,266             | -                                  | 396,266           | 396,266             | -                     |
| Totals                                     | <u>\$ 6,731,534</u> | <u>\$ 6,010,577</u>                | <u>\$ 710,715</u> | <u>\$ 6,721,292</u> | <u>\$ 10,242</u>      |

| Methods of Financing       |                   |                   |                     | Fund Balance<br>at<br>June 30, 2015 |
|----------------------------|-------------------|-------------------|---------------------|-------------------------------------|
| Proceeds of<br>Obligations | Transfers         | Miscellaneous     | Totals              |                                     |
| \$ 5,752,450               | \$ -              | \$ -              | \$ 5,752,450        | \$ -                                |
| -                          | 350,000           | 232,818           | 582,818             | 10,242                              |
| 396,266                    | -                 | -                 | 396,266             | -                                   |
| <u>\$ 6,148,716</u>        | <u>\$ 350,000</u> | <u>\$ 232,818</u> | <u>\$ 6,731,534</u> | <u>\$ 10,242</u>                    |

# Chappaqua Central School District, New York

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2015  
(With Comparative Totals for 2014)

|                                      |                 |                    | Total Non-Major<br>Governmental Funds |            |
|--------------------------------------|-----------------|--------------------|---------------------------------------|------------|
|                                      | School<br>Lunch | Special<br>Purpose | 2015                                  | 2014       |
| <b>ASSETS</b>                        |                 |                    |                                       |            |
| Cash and equivalents                 | \$ 572,624      | \$ 32,347          | \$ 604,971                            | \$ 532,309 |
| Receivables                          |                 |                    |                                       |            |
| Accounts                             | 13,859          | -                  | 13,859                                | 17,697     |
| State and Federal aid                | 8,102           | -                  | 8,102                                 | 9,626      |
| Due from other funds                 | 108,707         | -                  | 108,707                               | -          |
|                                      | 130,668         | -                  | 130,668                               | 27,323     |
| Inventories                          | 5,557           | -                  | 5,557                                 | 9,237      |
| Total Assets                         | \$ 708,849      | \$ 32,347          | \$ 741,196                            | \$ 568,869 |
| <b>LIABILITIES AND FUND BALANCES</b> |                 |                    |                                       |            |
| Liabilities                          |                 |                    |                                       |            |
| Unearned revenues                    | \$ 106,774      | \$ -               | \$ 106,774                            | \$ 85,021  |
| Fund balances                        |                 |                    |                                       |            |
| Nonspendable                         | 5,557           | -                  | 5,557                                 | 9,237      |
| Restricted                           | -               | 32,347             | 32,347                                | 35,054     |
| Assigned                             | 596,518         | -                  | 596,518                               | 439,557    |
| Total Fund Balances                  | 602,075         | 32,347             | 634,422                               | 483,848    |
| Total Liabilities and Fund Balances  | \$ 708,849      | \$ 32,347          | \$ 741,196                            | \$ 568,869 |

**Chappaqua Central School District, New York**

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances  
Non-Major Governmental Funds  
Year Ended June 30, 2015  
(With Comparative Totals for 2014)

|  | School<br>Lunch   | Special<br>Purpose | Total Non-Major<br>Governmental Funds |                   |
|--|-------------------|--------------------|---------------------------------------|-------------------|
|  |                   |                    | 2015                                  | 2014              |
| <b>REVENUES</b>                                      |                   |                    |                                       |                   |
| Use of money and property                            | \$ 401            | \$ 2               | \$ 403                                | \$ 490            |
| State aid  | 11,323            | -                  | 11,323                                | 11,951            |
| Federal aid  | 118,424           | -                  | 118,424                               | 129,383           |
| Food sales   | 1,898,598         | -                  | 1,898,598                             | 1,868,854         |
| Miscellaneous  | -                 | -                  | -                                     | 89,243            |
| Total Revenues                                       | <u>2,028,746</u>  | <u>2</u>           | <u>2,028,748</u>                      | <u>2,099,921</u>  |
| <b>EXPENDITURES</b>                                  |                   |                    |                                       |                   |
| Current  |                   |                    |                                       |                   |
| Cost of food sales                                   | 1,875,465         | -                  | 1,875,465                             | 1,923,365         |
| Other  | -                 | 2,709              | 2,709                                 | 4,255             |
| Total Expenditures                                   | <u>1,875,465</u>  | <u>2,709</u>       | <u>1,878,174</u>                      | <u>1,927,620</u>  |
| Excess (Deficiency) of<br>Revenues Over Expenditures | 153,281           | (2,707)            | 150,574                               | 172,301           |
| <b>FUND BALANCES</b>                                 |                   |                    |                                       |                   |
| Beginning of Year                                    | <u>448,794</u>    | <u>35,054</u>      | <u>483,848</u>                        | <u>311,547</u>    |
| End of Year  | <u>\$ 602,075</u> | <u>\$ 32,347</u>   | <u>\$ 634,422</u>                     | <u>\$ 483,848</u> |

**Chappaqua Central School District, New York**

School Lunch Fund  
Comparative Balance Sheet  
June 30,

|                                     | <u>2015</u>              | <u>2014</u>              |
|-------------------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                       |                          |                          |
| Cash and equivalents                | <u>\$ 572,624</u>        | <u>\$ 497,255</u>        |
| Receivables                         |                          |                          |
| Accounts                            | 13,859                   | 17,697                   |
| State and Federal aid               | 8,102                    | 9,626                    |
| Due from other funds                | <u>108,707</u>           | <u>-</u>                 |
|                                     | <u>130,668</u>           | <u>27,323</u>            |
| Inventories                         | <u>5,557</u>             | <u>9,237</u>             |
| Total Assets                        | <u><u>\$ 708,849</u></u> | <u><u>\$ 533,815</u></u> |
| <b>LIABILITIES AND FUND BALANCE</b> |                          |                          |
| Liabilities                         |                          |                          |
| Unearned revenues                   | <u>\$ 106,774</u>        | <u>\$ 85,021</u>         |
| Fund balance                        |                          |                          |
| Nonspendable                        | 5,557                    | 9,237                    |
| Assigned                            | <u>596,518</u>           | <u>439,557</u>           |
| Total Fund Balance                  | <u>602,075</u>           | <u>448,794</u>           |
| Total Liabilities and Fund Balance  | <u><u>\$ 708,849</u></u> | <u><u>\$ 533,815</u></u> |



**Chappaqua Central School District, New York**

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

|                                      | 2015              | 2014              |
|--------------------------------------|-------------------|-------------------|
| <b>REVENUES</b>                      |                   |                   |
| Use of money and property            | \$ 401            | \$ 483            |
| State aid                            | 11,323            | 11,951            |
| Federal aid                          | 118,424           | 129,383           |
| Food sales                           | 1,898,598         | 1,868,854         |
| Miscellaneous                        | -                 | 89,243            |
|                                      | <u>2,028,746</u>  | <u>2,099,914</u>  |
| Total Revenues                       |                   |                   |
| <b>EXPENDITURES</b>                  |                   |                   |
| Current                              |                   |                   |
| Cost of food sales                   | <u>1,875,465</u>  | <u>1,923,365</u>  |
|                                      | 153,281           | 176,549           |
| Excess of Revenues Over Expenditures |                   |                   |
| <b>FUND BALANCE</b>                  |                   |                   |
| Beginning of Year                    | <u>448,794</u>    | <u>272,245</u>    |
| End of Year                          | <u>\$ 602,075</u> | <u>\$ 448,794</u> |

**Chappaqua Central School District, New York**

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

---

|                         | <u>2015</u>      | <u>2014</u>      |
|-------------------------|------------------|------------------|
| <b>ASSETS</b>           |                  |                  |
| Cash and equivalents    | <u>\$ 32,347</u> | <u>\$ 35,054</u> |
| <br><b>FUND BALANCE</b> |                  |                  |
| Restricted              | <u>\$ 32,347</u> | <u>\$ 35,054</u> |

**Chappaqua Central School District, New York**

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

|  | <u>2015</u>      | <u>2014</u>      |
|--|------------------|------------------|
| <b>REVENUES</b>                          |                  |                  |
| Use of money and property                | \$ 2             | \$ 7             |
| <b>EXPENDITURES</b>                      |                  |                  |
| Current                                  |                  |                  |
| Other                                    | <u>2,709</u>     | <u>4,255</u>     |
| Deficiency of Revenues Over Expenditures | (2,707)          | (4,248)          |
| <b>FUND BALANCE</b>                      |                  |                  |
| Beginning of Year                        | <u>35,054</u>    | <u>39,302</u>    |
| End of Year                              | <u>\$ 32,347</u> | <u>\$ 35,054</u> |

## Chappaqua Central School District, New York

### General Fund

#### Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2015

|                   |                              |
|-------------------|------------------------------|
| Adopted Budget    | \$ 116,856,988               |
| Additions         |                              |
| Encumbrances      | <u>1,265,726</u>             |
| Original Budget   | 118,122,714                  |
| Budget Amendments | <u>1,915,804</u>             |
| Final Budget      | <u><u>\$ 120,038,518</u></u> |

### General Fund

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

Year Ended June 30, 2015

|   |                            |
|---|----------------------------|
| 2015-16 Expenditure Budget  | <u>\$ 117,901,688</u>      |
| General Fund Fund Balance Subject to Section 1318 of<br>Real Property Tax Law |                            |
| Unrestricted fund balance   |                            |
| Assigned fund balance   | 3,329,043                  |
| Unassigned fund balance   | <u>4,715,478</u>           |
| Total Unrestricted Fund Balance   | <u>8,044,521</u>           |
| Less  |                            |
| Appropriated for subsequent year's budget                                     | 2,250,000                  |
| Encumbrances  | <u>1,079,043</u>           |
| Total Adjustments   | <u>3,329,043</u>           |
| General Fund Fund Balance Subject to Section 1318 of<br>Real Property Tax Law | <u><u>\$ 4,715,478</u></u> |
| Actual Percentage   | <u><u>4.00%</u></u>        |

**Chappaqua Central School District, New York**

**Schedule of Net Investment In Capital Assets**  
**Year Ended June 30, 2015**

---

|  |                    |                             |
|--|--------------------|-----------------------------|
| Capital Assets, net                      |                    | \$ 110,913,484              |
| Less                                     |                    |                             |
| Bonds Payable                            | (35,450,000)       |                             |
| Energy Performance Contract Debt Payable | (10,100,609)       |                             |
| Installment Purchase Debt Payable        | (869,116)          |                             |
| Unamortized Portion of Premium           | <u>(2,612,724)</u> | (49,032,449)                |
| Plus                                     |                    |                             |
| Unamortized Portion of Loss on Refunding |                    | <u>1,699,914</u>            |
| Net Investment in Capital Assets         |                    | <u><u>\$ 63,580,949</u></u> |

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

**Independent Auditors' Report**

**The Board of Education of the  
Chappaqua Central School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Chappaqua Central School District, New York ("School District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 17, 2015.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

We noted certain matters that we reported to the management of the School District in a separate letter.

## **Purpose of this Report**

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

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**

Harrison, New York

September 17, 2015



**Report on Compliance For Each Major Federal Program and  
Report on Internal Control Over Compliance**

**Independent Auditors' Report**

**The Board of Education of the  
Chappaqua Central School District, New York**

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

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

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

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

O'CONNOR DAVIES, LLP  
500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | [www.odpkf.com](http://www.odpkf.com)

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## Report on Internal Control Over Compliance

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

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

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

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

*O'Connor Davies, LLP*

O'Connor Davies, LLP  
Harrison, New York  
September 17, 2015

**Chappaqua Central School District, New York**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

| <u>Federal Grantor Program Title</u>   | <u>Federal<br/>CFDA<br/>Number (1)</u> | <u>Federal<br/>Program<br/>Expenditures</u> |
|--|--|---|
| <u>U.S. Department of Agriculture</u>  |  |   |
| Indirect Programs - Passed through New York State<br>Department of Education |  |   |
| <i>Child Nutrition Cluster</i>   |  |   |
| National School Lunch Program (NSLP) - Commodities                           | 10.555                                 | \$ 31,915                                   |
| National School Lunch Program (NSLP) - Cash                                  | 10.555                                 | <u>86,509</u>                               |
| Total U.S. Department of Agriculture   |  | <u>118,424</u>                              |
| <u>U.S. Department of Education</u>  |  |   |
| Indirect Programs - Passed through New York State<br>Department of Education |  |   |
| <i>Special Education Cluster (IDEA)</i>                                      |  |   |
| Special Education - Grants to States (IDEA, Part B)                          | 84.027A                                | 707,212                                     |
| Special Education - Preschool Grants (IDEA Preschool)                        | 84.173A                                | <u>17,504</u>                               |
|  |  | <u>724,716</u>                              |
| Improving Teacher Quality State Grants                                       | 84.367A                                | 89,483                                      |
| Title I Grants to Local Educational Agencies                                 | 84.010A                                | <u>74,229</u>                               |
| Total U.S. Department of Education   |  | <u>888,428</u>                              |
| Total  |  | <u>\$ 1,006,852</u>                         |

(1) Catalog of Federal Domestic Assistance number.

The accompanying notes are an integral part of this schedule.

## **Chappaqua Central School District, New York**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

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### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Chappaqua Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2015. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, which establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments.

**Chappaqua Central School District, New York**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015

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

***Financial Statements***

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements  
noted?

\_\_\_\_ Yes      X   No

***Federal Awards***

Internal control over major programs:

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

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

Type of auditors' report issued on compliance  
for major programs:

Unmodified

Any audit findings disclosed that are  
required to be reported in accordance with  
Section 510(a) of OMB Circular A-133?

\_\_\_\_ Yes      X   No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027  
84.173

Special Education Cluster (IDEA):  
Special Education - Grants to States (IDEA, Part B)  
Special Education - Preschool Grants (IDEA Preschool)

Dollar threshold used to distinguish  
between Type A and Type B programs:  
Auditee qualified as low-risk auditee?

\$300,000  
  X   Yes    \_\_\_\_ No

**Chappaqua Central School District, New York**

Schedule of Findings and Questioned Costs (Concluded)  
Year Ended June 30, 2015

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**Section II - Financial Statement Findings**

None

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

None

**Chappaqua Central School District, New York**

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2015

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None

