

Chappaqua Central School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2017

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, 2017, 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, 2017, and the respective changes in financial position, 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.

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 for the year ended June 30, 2017 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* for the year ended June 30, 2017 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 for the year ended June 30, 2017 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 for the year ended June 30, 2017.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the District as of and for the year ended June 30, 2016 (not presented herein), and issued our report thereon dated September 27, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2016 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 for the year ended June 30, 2016.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2017 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 effectiveness of the School District's 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.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 15, 2017

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Chappaqua Central School District, New York

Management's Discussion and Analysis ("MD&A")

June 30, 2017

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, 2017. 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 2016-17 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 \$4,782,866. The unassigned fund balance of the General Fund is 3.99% of the 2017-18 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 \$20,436,105, a decrease of \$676,215 from the prior year's \$21,112,320. The fund balance for the General Fund increased by \$2,231,298, from \$20,421,890 to \$22,653,188. However, \$2,000,000 of the fund balance from the General Fund has been assigned (appropriated) for the subsequent year's budget to reduce the tax levy increase.
- Beginning with the year ended June 30, 2015, all public school districts are required to implement the provisions of GASB Statement No. 68 for their district-wide financial statements. So, this is the third year that we are required to report GASB No. 68. This GASB Statement 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 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 plan. At June 30, 2017, the School District reported an ERS liability of \$2,561,529 and a TRS liability of \$3,464,044 for its proportionate share of the net pension liability. More detailed information about the School District's Pension Plans is presented in Note 3E. in the notes to financial statements.
- On the district-wide financial statements, the assets and deferred outflows of resources of the District exceeded the liabilities and deferred inflows of resources (net position) at the close of the fiscal year by \$97,876,938 versus last year's \$96,449,404. The District's total net position increased by \$1,427,534 for the year ended June 30, 2017.

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 deferred outflows of resources and liabilities and deferred inflows of resources, 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 in accordance with Government Accounting Standards Board (GASB) Statements No. 43 & 45 for the fiscal year July 1, 2016 to June 30, 2017 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 3D - 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_20160701-20170630.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 and deferred outflows of resources exceeded liabilities and deferred inflows or resources (net position) by \$97,876,938 at the close of the current fiscal year, an increase from the prior year.

Net Position

	June 30,	
	2017	2016
ASSETS		
Current Assets	\$ 29,632,344	\$ 63,997,506
Capital Assets, net	113,152,225	108,876,612
Total Assets	142,784,569	172,874,118
DEFERRED OUTFLOWS OF RESOURCES	38,096,054	13,122,691
LIABILITIES		
Current Liabilities	9,732,683	9,084,562
Long-term Liabilities	71,740,086	68,091,409
Total Liabilities	81,472,769	77,175,971
DEFERRED INFLOWS OF RESOURCES	1,530,916	12,371,434
NET POSITION		
Net Investment in Capital Assets	69,918,579	65,132,204
Restricted		
Capital Projects	429,755	614,252
Tax Certiorari	2,813,710	2,812,031
Tax Reduction	139,153	-
Unemployment Benefits	150,809	150,719
Property Loss	59,160	59,125
Insurance	210,554	210,429
Liability Claims	218,870	218,740
Repairs	137,539	137,391
Retirement Contributions	1,663,128	1,762,079
Debt Service	14,828	14,819
School Lunch	126,516	21,400
Special Purpose	52,866	54,778
Unrestricted	21,941,112	25,261,437
Total Net Position	<u>\$ 97,876,579</u>	<u>\$ 96,449,404</u>

By far, the largest component of the District's net assets (71%) 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 2016-17 school year, the District budgeted \$2,645,000 in its General Fund to pay off the scheduled capital debt principal payment.

The reason that the Current Assets decreased from \$63,997,506 to \$29,632,344 and the Deferred Outflows of Resources increased from \$13,122,691 to \$38,096,054 was because the TRS assumption rate was decreased from 8% to 7.50% and therefore transferred the net pension asset to deferred outflows of resources.

Those assets subject to external restrictions constitute \$6,017,248 of net position (\$97,876,938), which includes restriction for retirement contributions of \$1,663,128 and tax certiorari of \$2,813,710 (the two largest items). Unrestricted net position is \$21,941,112 whereas at year ended June 30, 2016 this amount was \$25,261,437. Restricted and unrestricted assets combined represents 29% of the net position versus last year's 32%.

Changes in Net Position

	June 30,	
	2017	2016
REVENUES		
Program Revenues		
Charges for Services	\$ 2,552,458	\$ 2,556,411
Operating Grants and Contributions	2,690,465	
Capital Grants and Contributions	2,480	2,627,335
Total Program Revenues	5,245,403	5,183,746
General Revenues		
Real Property Taxes	100,338,003	99,983,798
Other Tax Items (STAR)	5,630,113	5,984,318
Non-Property Taxes	855,701	846,877
Unrestricted Use of Money and Property	141,214	66,720
Unrestricted State Aid	8,382,955	7,653,292
Miscellaneous	845,254	483,649
Total General Revenues	116,193,240	115,018,654
Total Revenues	121,438,643	120,202,400
EXPENSES		
General Support	16,420,286	16,008,297
Instruction	93,876,332	83,012,413
Pupil Transportation	6,337,639	6,306,576
Community Services	22,754	21,914
Cost of Food Sales	1,896,063	2,081,101
Other	3,108	3,254
Interest	1,454,927	1,565,427
Total Expenses	120,011,109	108,998,982
Change in Net Position	1,427,534	11,203,418
Beginning	96,449,404	85,245,986
Ending	\$ 97,876,938	\$ 96,449,404

The District's net position increased by \$1,427,534, which represents approximately 1.5% of the total net position. The District maintains a fairly similar financial condition to the previous year. As presented in the following graphs, the District relies upon real property taxes and other tax items (STAR) as its primary revenue sources (87.26%, a slight decrease from prior year's 88.16% because of the increase of Unrestricted State Aid).

The major changes from 2015-16 to 2016-17 are as follows:

Revenues:

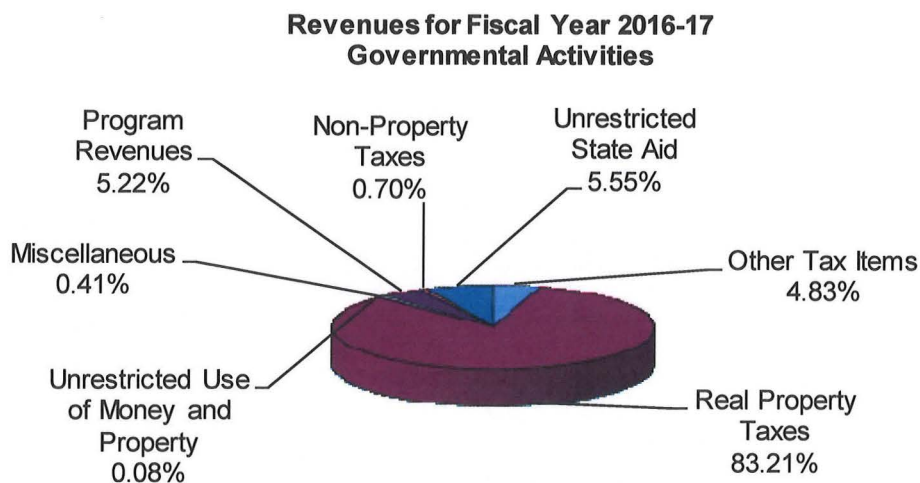
The District's total program revenues saw an increase of \$61,657, general revenues increased by \$1,174,586, and the total revenues increased by \$1,236,243. The primary elements of these increases were:

- Real Property Taxes (excluding STAR) increased by \$354,205, or 0.35%.
- Unrestricted State Aid saw an increase of \$729,663.
- In addition to Program Revenues, Real Property Taxes and Unrestricted State Aid, Non-Property Taxes, Unrestricted Use of Money and Property and Miscellaneous all saw an increase during the 2016-17 school year.

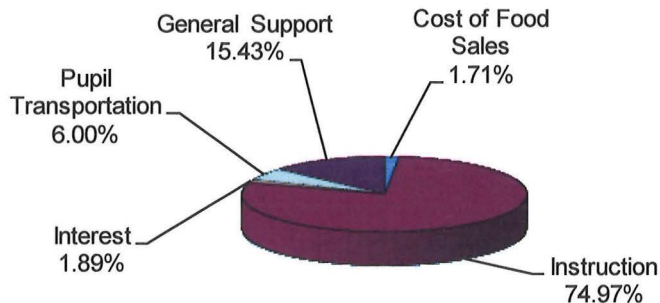
Expenses:

The District's expenses increased by \$11,012,127. The highlights were:

- General Support saw an increase of \$411,989. This increase is due to: 1) an increase for Chief School Administrator and 2) Maintenance of Plant.
- Instruction saw an increase of \$10,863,919 and this is due to large increases in OPEB (Other Post Employment Benefits) allocation of depreciation expenses, and an increase on salaries.
- Other expenditure items remain relatively stable.



Expenses for Fiscal Year 2016-17 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 \$20,436,105, a decrease of \$676,215 from the prior year. This decrease was mainly due to the Capital Projects Fund, which changed from a positive \$614,252 to a negative \$2,396,465. The District has begun its \$42.5 million capital projects and has been funding these projects through its fund balance and therefore one sees a negative number under Capital Projects Fund. Once the District borrows the funds, it will pay back the General Fund fund balance.

The District's fund balance for the General Fund increased by \$2,231,298, from \$20,421,890 to \$22,653,188 during the current fiscal year. This is mainly due to an increase of the Purchases On Order from \$3,159,859 to \$5,251,576, and increase of \$2,091,717. \$2,000,000 of the general fund balance has been assigned (appropriated) for the 2017-18 budget to reduce the tax levy, as in the prior year. In the Restricted Fund Balance category, the District established the Reserve for Tax Reduction in September 2016 and funded it with the proceeds from the sale of a piece of land in the amount of \$139,440.

General Fund revenues exceeded the final budget by \$1,521,145. The largest variance was a positive variance of \$1,018,338 in State Aid followed by \$295,255 in Miscellaneous income.

General Fund expenditures for 2016-17 were \$618,436 less than the final budget, after the deduction of \$5,251,576 for encumbrances. Positive variances were shown in the following areas: General Support: \$93,950, Instruction: \$459,629, Pupil Transportation: \$4,822, Employee Benefits: \$60,005 and Debt Service: \$30.

General Fund Budgetary Highlights

The original expenditure budget and the final amended budget showed an increase of \$44,489. The modifications were 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:

<u>Fund Balance</u>	<u>June 30, 2017</u>
Non-spendable	\$ 2,201,166
Restricted	8,417,580
Assigned	7,251,576
Unassigned	<u>4,782,866</u>
Total	<u>\$ 22,653,188</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: \$5,251,576 (vs. last year's \$3,159,859) is for encumbrances (purchases on order) - commitments made by the District for goods or services, and \$2,000,000 is assigned for subsequent year's expenditures as was last year. The remainder of \$4,782,866 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 3H - Fund Balances.

Capital Assets

At the end of June 30, 2017 the District had \$113,152,225 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:

<u>Class</u>	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Land	\$ 2,177,700	\$ 2,177,700
Construction in Progress	7,589,075	1,337,267
Buildings and Improvements	101,489,103	103,378,441
Machinery and Equipment	<u>1,896,347</u>	<u>1,983,204</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 113,152,225</u>	<u>\$ 108,876,612</u>

The major change in Capital Assets is an increase of \$6,251,808 in Construction in Progress and a decrease of \$1,889,338 in Buildings and Improvements, after depreciation. As the District continues to begin and complete capital projects from the 2016 bond issuance, one will expect to see an increase in both Construction in Progress and Buildings and Improvements until all of the

capital projects are completed (currently the expected completion date is 2019-20). More detailed information about the District's capital assets is presented in the notes to the financial statements (Note 3B – Capital Assets).

Long-Term Liabilities

As of June 30, 2017, the District had \$30,260,000 in general obligation debt and other long-term liabilities outstanding, as follows:

	June 30,	
	2017	2016
Bonds payable		
Plus Unamortized Premium	\$ 32,512,348	\$ 35,337,536
Other Non-Current Liabilities -		
Net Pension Liability	6,025,573	4,413,891
Energy Performance Contract Debt	12,068,240	9,401,373
Installment Purchase Debt	349,153	588,178
Compensated Absences	3,712,021	3,982,521
Other Post Employment		
Benefit Obligations	17,072,751	14,367,910
Total	\$ 71,740,086	\$ 68,091,409

Long-term liabilities are made up of five figures: bonds payable, energy performance contract debt, installment purchase debt, compensated absences and other post employment benefit obligations. Bonds payable saw a decrease of \$2,825,188. 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 \$2,704,841. This is the ninth year that a public entity is required to record such obligations (the full amount is being amortized over 30 years and therefore one should expect to see this number increase in future years).

The net impact of the above-mentioned factors increased the District's long-term liabilities by \$3,648,677. District's long-term liabilities will increase significantly because the District is expected to borrow \$16 million in serial bonds to finance its capital projects (in 2015, voters approved capital bonds in the amount of \$42.5 millions) and the Other Post Employment Benefit Obligations Payable will continue to increase.

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

Summary

The Chappaqua Central School District is financially solid. Overall, the financial position of the District for year ended June 30, 2017 is fairly similar to the prior fiscal year. The fact that the District's net position continues to increase is a positive indicator.

Requests for Information

This financial report is designed to provide a comprehensive 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

Chappaqua Central School District, New York

Statement of Net Position

June 30, 2017

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 25,527,736
Restricted cash	388,529
Receivables	
Accounts	9,683
State and Federal aid	2,344,218
Prepaid expenses	1,351,167
Inventories	11,011
Capital assets	
Not being depreciated	9,766,775
Being depreciated, net	103,385,450
Total Assets	142,784,569
DEFERRED OUTFLOWS OF RESOURCES	38,096,054
LIABILITIES	
Accounts payable	1,364,281
Accrued liabilities	860,585
Due to retirement systems	6,583,641
Due to other governments	265,359
Unearned revenues	122,373
Accrued interest payable	536,444
Non-current liabilities	
Due within one year	4,333,286
Due in more than one year	67,406,800
Total Liabilities	81,472,769
DEFERRED INFLOWS OF RESOURCES	1,530,916
NET POSITION	
Net investment in capital assets	69,918,578
Restricted	
Capital projects	429,755
Tax certiorari	2,813,710
Tax reduction	139,513
Unemployment benefits	150,809
Property loss	59,160
Insurance	210,554
Liability claims	218,870
Repairs	137,539
Retirement contributions	1,663,128
Debt service	14,828
School lunch	126,516
Special purpose	52,866
Unrestricted	21,941,112
Total Net Position	\$ 97,876,938

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, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 16,420,286	\$ 114,664	\$ 5,025	\$ -	\$ (16,300,597)
Instruction	93,876,332	566,449	2,564,974	2,471	(90,742,438)
Pupil transportation	6,337,639	-	-	-	(6,337,639)
Community services	22,754	-	-	-	(22,754)
Cost of food sales	1,896,063	1,871,345	119,270	-	94,552
Other	3,108	-	1,196	9	(1,903)
Interest	1,454,927	-	-	-	(1,454,927)
Total Governmental Activities	\$ 120,011,109	\$ 2,552,458	\$ 2,690,465	\$ 2,480	(114,765,706)
General revenues					
Real property taxes					100,338,003
Other tax items					
School tax relief reimbursement					5,630,113
Non-property taxes					
Non-property tax distribution from County					855,701
Unrestricted use of money and property					141,214
Unrestricted State aid					8,382,955
Miscellaneous					845,254
Total General Revenues					116,193,240
Change in Net Position					1,427,534
Net Position - Beginning					96,449,404
Net Position - Ending					\$ 97,876,938

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, 2017

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 24,735,802	\$ 109,782	\$ 427,468
Restricted cash	-	-	388,529
Receivables			
Accounts	110	-	-
State and Federal aid	800,154	1,536,573	-
Due from other funds	2,694,431	-	-
Advances to other funds	850,000	-	-
Prepaid expenditures	1,351,167	-	-
Inventories	-	-	-
Total Assets	\$ 30,431,664	\$ 1,646,355	\$ 815,997
LIABILITIES AND FUND BALANCES (DEFICIT)			
Liabilities			
Accounts payable	\$ 49,895	\$ -	\$ 1,314,386
Accrued liabilities	860,585	-	-
Due to other funds	12,129	796,355	1,898,076
Advances from other funds	-	850,000	-
Due to retirement systems	6,583,641	-	-
Due to other governments	265,359	-	-
Unearned revenues	6,867	-	-
Total Liabilities	7,778,476	1,646,355	3,212,462
Fund balances (deficit)			
Nonspendable	2,201,166	850,000	-
Restricted	8,417,580	-	-
Assigned	7,251,576	-	-
Unassigned	4,782,866	(850,000)	(2,396,465)
Total Fund Balances (Deficits)	22,653,188	-	(2,396,465)
Total Liabilities and Fund Balances (Deficits)	\$ 30,431,664	\$ 1,646,355	\$ 815,997

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 254,684	\$ 25,527,736
-	388,529
9,573	9,683
7,491	2,344,218
12,129	2,706,560
-	850,000
-	1,351,167
11,011	11,011
<u>\$ 294,888</u>	<u>\$ 33,188,904</u>

\$ -	\$ 1,364,281
-	860,585
-	2,706,560
-	850,000
-	6,583,641
-	265,359
115,506	122,373
<u>115,506</u>	<u>12,752,799</u>

11,011	3,062,177
52,866	8,470,446
115,505	7,367,081
-	1,536,401
<u>179,382</u>	<u>20,436,105</u>
<u>\$ 294,888</u>	<u>\$ 33,188,904</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, 2017

Fund Balances - Total Governmental Funds	\$ 20,436,105
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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.	113,152,225
--	-------------

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	1,465,444
Deferred amounts on net pension assets (liabilities)	35,099,694

36,565,138

Long-term liabilities that are not due and payable in the current
period are not reported in the funds.

Accrued interest payable	(536,444)
Net pension liability	(6,025,573)
Bonds payable	(32,512,348)
Compensated absences	(3,712,021)
Other post employment benefit obligations payable	(17,072,751)
Energy performance contract debt payable	(12,068,240)
Installment purchase debt payable	(349,153)

(72,276,530)

Net Position of Governmental Activities	\$ 97,876,938
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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, 2017

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 100,338,003	\$ -	\$ -
Other tax items	5,630,113	-	-
Non-property taxes	855,701	-	-
Charges for services	565,162	-	-
Use of money and property	262,199	-	-
State aid	9,190,510	628,098	-
Federal aid	59,490	1,025,341	-
Food sales	-	-	-
Miscellaneous	889,744	-	2,471
Total Revenues	117,790,922	1,653,439	2,471
EXPENDITURES			
Current			
General support	13,844,357	-	-
Instruction	65,146,997	1,806,166	-
Pupil transportation	6,337,639	-	-
Community services	22,754	-	-
Employee benefits	24,303,088	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	3,600,554	-	-
Interest	1,576,508	-	-
Capital outlay	-	-	6,971,584
Total Expenditures	114,831,897	1,806,166	6,971,584
Excess (Deficiency) of Revenues Over Expenditures	2,959,025	(152,727)	(6,969,113)
OTHER FINANCING SOURCES (USES)			
Installment purchase debt issued	-	-	3,383,396
Transfers in	-	152,727	575,000
Transfers out	(727,727)	-	-
Total Other Financing Sources (Uses)	(727,727)	152,727	3,958,396
Net Change in Fund Balances	2,231,298	-	(3,010,717)
FUND BALANCES			
Beginning of Year	20,421,890	-	614,252
End of Year	\$ 22,653,188	\$ -	\$ (2,396,465)

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 100,338,003
-	5,630,113
-	855,701
-	565,162
296	262,495
10,014	9,828,622
108,966	1,193,797
1,863,438	1,863,438
9,097	901,312
<u>1,991,811</u>	<u>121,438,643</u>
-	13,844,357
-	66,953,163
-	6,337,639
-	22,754
-	24,303,088
1,885,499	1,885,499
3,108	3,108
-	3,600,554
-	1,576,508
-	6,971,584
<u>1,888,607</u>	<u>125,498,254</u>
<u>103,204</u>	<u>(4,059,611)</u>
-	3,383,396
-	727,727
-	(727,727)
<u>-</u>	<u>3,383,396</u>
103,204	(676,215)
<u>76,178</u>	<u>21,112,320</u>
<u>\$ 179,382</u>	<u>\$ 20,436,105</u>

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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, 2017

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

Net Change in Fund Balances - Total Governmental Funds	\$ (676,215)
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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.

Capital outlay expenditures	7,573,730
Depreciation expense	<u>(3,298,117)</u>
	<u>4,275,613</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.

Energy performance contract debt issued	(3,383,396)
Principal paid on serial bonds	2,645,000
Principal paid on installment purchase debt	239,025
Principal paid on energy performance contract	716,529
Amortization of loss on refunding bonds and issuance premium	<u>62,953</u>
	<u>280,111</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	58,628
Compensated absences	270,500
Pension assets (liabilities)	(76,262)
Other post employment benefit obligations	<u>(2,704,841)</u>
	<u>(2,451,975)</u>

Change in Net Position of Governmental Activities	<u>\$ 1,427,534</u>
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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, 2017

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 100,338,003	\$ 100,338,003	\$ 100,338,003	\$ -
Other tax items	5,630,113	5,630,113	5,630,113	-
Non-property taxes	835,000	835,000	855,701	20,701
Charges for services	465,000	465,000	565,162	100,162
Use of money and property	235,000	235,000	262,199	27,199
State aid	8,172,172	8,172,172	9,190,510	1,018,338
Federal aid	-	-	59,490	59,490
Miscellaneous	550,000	594,489	889,744	295,255
Total Revenues	116,225,288	116,269,777	117,790,922	1,521,145
EXPENDITURES				
Current				
General support	14,990,051	16,309,464	13,844,357	2,465,107
Instruction	67,577,025	68,403,445	65,146,997	3,256,448
Pupil transportation	6,637,190	6,412,158	6,337,639	74,519
Community services	21,914	22,754	22,754	-
Employee benefits	25,991,235	24,376,996	24,303,088	73,908
Debt service				
Principal	3,817,757	3,600,554	3,600,554	-
Interest	1,599,975	1,576,538	1,576,508	30
Total Expenditures	120,635,147	120,701,909	114,831,897	5,870,012
Excess (Deficiency) of Revenues Over Expenditures	(4,409,859)	(4,432,132)	2,959,025	7,391,157
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(750,000)	(727,727)	(727,727)	-
Total Other Financing Sources (Uses)	(750,000)	(727,727)	(727,727)	-
Net Change in Fund Balances	(5,159,859)	(5,159,859)	2,231,298	7,391,157
FUND BALANCES				
Beginning of Year	5,159,859	5,159,859	20,421,890	15,262,031
End of Year	\$ -	\$ -	\$ 22,653,188	\$ 22,653,188

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

Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
605,828	628,099	628,098	(1)
1,164,806	1,179,436	1,025,341	(154,095)
-	-	-	-
1,770,634	1,807,535	1,653,439	(154,096)
-	-	-	-
1,945,634	1,960,262	1,806,166	154,096
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,945,634	1,960,262	1,806,166	154,096
(175,000)	(152,727)	(152,727)	-
175,000	152,727	152,727	-
-	-	-	-
175,000	152,727	152,727	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Chappaqua Central School District, New York

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2017

	<u>Agency</u>
ASSETS	
Cash and equivalents	<u>\$ 456,297</u>
LIABILITIES	
Accounts payable	\$ 111
Employee payroll deductions	387,392
Deposits payable	16,293
Student activity funds	<u>52,501</u>
Total Liabilities	<u>\$ 456,297</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, 2017

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

Note 1 - Summary of Significant Accounting Policies (Continued)

fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenue when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. 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

Cash and Equivalents, Investments 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.

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.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Note 1 - Summary of Significant Accounting Policies (Continued)

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

Custodial Credit Risk - 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, 2017.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

Restricted Cash - Restricted cash consists of funds held in escrow. These funds are to be used for various district-wide improvements.

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, 2017, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 acquisition value at the date of donation.

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 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 \$6,867 in the General Fund for fees received in advance and \$115,506 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 \$1,465,444 for a deferred loss on 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 refunding 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 3D.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 capital projects, tax certiorari, tax reduction, unemployment benefits, property loss, insurance, liability claims, repairs, retirement contributions, debt service, 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 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 for amounts assigned as encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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 15, 2017.

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.
- 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.

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

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.

D. Fund Deficits

The Special Aid Fund has an unassigned deficit of \$850,000. This deficit will be eliminated upon receipt of State aid. The deficit in the Capital Projects Fund of \$2,396,465 arises because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the future receipt or issuance of authorized financing.

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, 2017 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Advances From/To</u>
General	\$ 2,694,431	\$ 12,129	\$ 850,000
Special Aid	-	796,355	(850,000)
Capital Projects	-	1,898,076	-
School Lunch	12,129	-	-
	<u>\$ 2,706,560</u>	<u>\$ 2,706,560</u>	<u>\$ -</u>

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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:

Class	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital Assets, not being depreciated				
Land	\$ 2,177,700	\$ -	\$ -	\$ 2,177,700
Construction-in-progress	1,337,267	6,698,116	446,308	7,589,075
Total Capital Assets, not being depreciated	<u>\$ 3,514,967</u>	<u>\$ 6,698,116</u>	<u>\$ 446,308</u>	<u>\$ 9,766,775</u>
Capital Assets, being depreciated				
Buildings and Improvements	\$ 154,582,687	\$ 1,135,303	\$ -	\$ 155,717,990
Machinery and Equipment	5,328,272	186,619	-	5,514,891
Total Capital Assets, being depreciated	<u>159,910,959</u>	<u>1,321,922</u>	<u>-</u>	<u>161,232,881</u>
Less Accumulated Depreciation for				
Buildings and Improvements	51,204,246	3,024,641	-	54,228,887
Machinery and Equipment	3,345,068	273,476	-	3,618,544
Total Accumulated Depreciation	<u>54,549,314</u>	<u>3,298,117</u>	<u>-</u>	<u>57,847,431</u>
Total Capital Assets, being depreciated, net	<u>\$ 105,361,645</u>	<u>\$ (1,976,195)</u>	<u>\$ -</u>	<u>\$ 103,385,450</u>
Capital Assets, net	<u>\$ 108,876,612</u>	<u>\$ 4,721,921</u>	<u>\$ 446,308</u>	<u>\$ 113,152,225</u>

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

General Support	\$ 196,872
Instruction	3,084,331
Cost of Food Sales	<u>16,914</u>
Total Depreciation Expense	<u>\$ 3,298,117</u>

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)**C. Accrued Liabilities**

Accrued liabilities at June 30, 2017 were as follows:

	General Fund
Other	\$ 513,221
Payroll and employee benefits	347,364
	<u>\$ 860,585</u>

D. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2017:

	Balance, July 1, 2016	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2017	Due Within One-Year
Bonds Payable	\$ 32,905,000	\$ -	\$ 2,645,000	\$ 30,260,000	\$ 2,785,000
Plus - Unamortized premium on bonds	<u>2,432,536</u>	<u>-</u>	<u>180,188</u>	<u>2,252,348</u>	<u>-</u>
	<u>35,337,536</u>	<u>-</u>	<u>2,825,188</u>	<u>32,512,348</u>	<u>2,785,000</u>
Other Non-current Liabilities -					
Energy Performance Contract					
Debt Payable	9,401,373	3,383,396	716,529	12,068,240	930,766
Installment Purchase					
Debt Payable	588,178	-	239,025	349,153	246,520
Compensated Absences	3,982,521	127,500	398,000	3,712,021	371,000
Net Pension Liability	4,413,891	1,611,682	-	6,025,573	-
Other Post Employment					
Benefit Obligations	<u>14,367,910</u>	<u>7,197,259</u>	<u>4,492,418</u>	<u>17,072,751</u>	<u>-</u>
Total Other Non- current Liabilities	<u>32,753,873</u>	<u>12,319,837</u>	<u>5,845,972</u>	<u>39,227,738</u>	<u>1,548,286</u>
Total Long-Term Liabilities	<u>\$ 68,091,409</u>	<u>\$ 12,319,837</u>	<u>\$ 8,671,160</u>	<u>\$ 71,740,086</u>	<u>\$ 4,333,286</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.

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Bonds Payable

Bonds payable at June 30, 2017 is comprised of the following issue -

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2017
Refunding Bonds	2011	\$ 32,905,000	January, 2030	2.0-5.0 %	<u>\$ 30,260,000</u>

Interest expenditures of \$1,277,256 were recorded in the fund financial statements in the General Fund. Interest expense of \$1,153,689 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 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%. In August 2016, the School District entered into a \$3,383,396 agreement to further upgrade to energy saving equipment. The terms of this contract provide for repayment over 15 years with bi-annual installments of \$130,431 through December 2031. Payments include interest at 1.9296%.

The aggregate balance due at June 30, 2017 was \$12,068,240. Interest expenditures of \$282,721 were recorded in the fund financial statements in the General Fund. Interest expense of \$284,707 was recorded in the district-wide financial statements.

Installment Purchase Debt

The School District, in a prior year entered into a lease agreement to finance the costs of computer equipment. 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 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 \$396,266 in average annual installments of \$83,990 through June, 2019, including interest at 2.99%.

Chappaqua Central School District, New York

Notes to Financial Statements (Continued) June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures/expense of \$16,531 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, 2017 including interest payments of \$8,410,608 are as follows:

Year Ending June 30,	Serial Bonds		Energy Performance Contract Debt		Installment Purchase Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 2,785,000	\$ 1,145,006	\$ 930,766	\$ 274,154	\$ 246,520	\$ 9,034	\$ 3,962,286	\$ 1,428,194
2019	2,730,000	1,033,606	952,758	252,163	102,633	2,518	3,785,391	1,288,287
2020	2,830,000	924,406	975,283	229,637	-	-	3,805,283	1,154,043
2021	2,965,000	782,906	998,357	206,564	-	-	3,963,357	989,470
2022	3,075,000	664,307	1,021,992	182,929	-	-	4,096,992	847,236
2023-2027	10,080,000	1,780,619	5,485,149	539,455	-	-	15,565,149	2,320,074
2028-2031	5,795,000	310,900	1,703,935	72,404	-	-	7,498,935	383,304
	<u>\$ 30,260,000</u>	<u>\$ 6,641,750</u>	<u>\$ 12,068,240</u>	<u>\$ 1,757,306</u>	<u>\$ 349,153</u>	<u>\$ 11,552</u>	<u>\$ 42,677,393</u>	<u>\$ 8,410,608</u>

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.

E. 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

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

at www.osc.state.ny.us/retire/about_us/financial_statements/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 2017 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
1 75I	21.8 %
2 75I	19.9
3/4 A15	16.1
5 A15	13.2
6 A15	9.4

At June 30, 2017, the School District reported a liability of \$2,561,529 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, 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 March 31, 2017, the School District's proportion was .0325663%, which was an increase of .0002133% from its proportion measured as of March 31, 2016.

For the year ended June 30, 2017, the School District recognized pension expense in the district-wide financial statements of \$1,638,487. Pension expenditures of \$1,366,871 and \$3,265 were recorded in the fund financial statements and were charged to the General and Special Aid Funds. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 64,190	\$ 388,983
Changes of assumptions	875,112	-
Net difference between projected and actual earnings on pension plan investments	511,641	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	561,694	15,795
School District contributions subsequent to the measurement date	357,389	-
	<u>\$ 2,370,026</u>	<u>\$ 404,778</u>

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The \$357,389 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

<u>Year Ended</u> <u>March 31</u>	
2018	\$ 666,348
2019	666,348
2020	560,849
2021	(285,686)

The total pension liability for the March 31, 2017 measurement date was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. Significant actuarial assumptions used in the April 1, 2016 valuation were as follows:

Inflation	2.5%
Salary scale	3.8%, indexed by service
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.3% annually

Annuitant mortality rates are based on the April 1, 2010 - March 31, 2015 ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36 %	4.55 %
International Equity	14	6.35
Private Equity	10	7.75
Real Estate	10	5.80
Absolute Return Strategies	2	4.00
Opportunistic Portfolio	3	5.89
Real Assets	3	5.54
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.50
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%

The discount rate used to calculate the total pension liability was 7.0%. 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 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 7.0%, 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 (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 8,181,014</u>	<u>\$ 2,561,529</u>	<u>\$ (2,189,736)</u>

The components of the collective net pension liability of ERS as of the March 31, 2017 measurement date were as follows:

Total pension liability	\$ 177,400,586,000
ERS fiduciary net position	<u>168,004,363,000</u>
Employers' net pension liability	<u>\$ 9,396,223,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>94.7%</u>

Note 3 - Detailed Notes on All Funds (Continued)

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2017 were \$357,389.

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 or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

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 2017 was 11.72%.

At June 30, 2017, the School District reported a liability of \$3,464,044 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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 the School District's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2016, the School District's proportion was .323428%, which was a decrease of .00772% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized pension expense/expenditure of \$5,673,648 and \$5,865,737, respectively. The pension expenditure of \$5,865,737 was charged to the General Fund. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,125,316
Changes of assumptions	19,733,401	-
Net difference between projected and actual earnings on pension plan investments	7,788,993	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	614,073	822
School District contributions subsequent to the measurement date	6,124,117	-
	<u>\$ 34,260,584</u>	<u>\$ 1,126,138</u>

The \$6,124,117 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 a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

Year Ended June 30,	
2017	\$ 2,503,881
2018	2,503,881
2019	8,553,028
2020	6,670,963
2021	3,110,690
Thereafter	3,667,886

The total pension liability for the June 30, 2016 measurement date was determined by using an actuarial valuation as of June 30, 2015, with update procedures used to roll forward the total pension liability to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation	2.5%										
Projected salary increases	Rates of increase differ based on service. They have been calculated based upon recent TRS member experience.										
	<table> <tr> <th style="text-align: center;">Service</th><th style="text-align: center;">Rate</th></tr> <tr> <td style="text-align: center;">5</td><td style="text-align: center;">4.72 %</td></tr> <tr> <td style="text-align: center;">15</td><td style="text-align: center;">3.46</td></tr> <tr> <td style="text-align: center;">25</td><td style="text-align: center;">2.37</td></tr> <tr> <td style="text-align: center;">35</td><td style="text-align: center;">1.90</td></tr> </table>	Service	Rate	5	4.72 %	15	3.46	25	2.37	35	1.90
Service	Rate										
5	4.72 %										
15	3.46										
25	2.37										
35	1.90										
Projected COLAs	1.5% compounded annually										
Investment rate of return	7.5% compounded annually, net of pension plan investment expense, including inflation										

Note 3 - Detailed Notes on All Funds (Continued)

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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 date of June 30, 2015 are summarized in the following table:

Asset Class:	Target Allocation	Long-Term Expected Real Rate of Return*
Equities:		
Domestic equities	37 %	6.10 %
International equities	18	7.30
Real estate	10	5.40
Alternative investments	7	9.20
Total Equities	72	
Fixed Income:		
Domestic fixed income securities	17	1.00
Global fixed income securities	2	0.80
Mortgages	8	3.10
Short-term	1	0.10
Total Fixed Income	28	
Total	100 %	

* Real rates of return are net of the long-term inflation assumption of 2.1% for 2015.

The discount rate used to measure 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 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.

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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 would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability (asset)	<u>\$ 45,196,329</u>	<u>\$ 3,464,044</u>	<u>\$ (31,538,809)</u>

The components of the collective net pension liability of TRS as of the June 30, 2016 measurement date were as follows:

Total pension liability	\$ 108,577,184,039
TRS fiduciary net position	<u>107,506,142,099</u>
Employers' net pension asset	<u>\$ (1,071,041,940)</u>
TRS fiduciary net position as a percentage of total pension liability	<u>99.01%</u>

Employer and employee contributions for the year ended June 30, 2017 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, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 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, 2017 were \$6,226,252.

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

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

Note 3 - Detailed Notes on All Funds (Continued)

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 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> <u>June 30,</u>	<u>Medical</u>
2018	7.00 %
2019	6.50
2020	6.00
2021	5.50
2022	5.00
2023	4.50
2024+	4.00

The amortization basis is the level percentage of payroll method with an open amortization approach with 22 years remaining in the amortization period. The actuarial assumptions included a 4.5% 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.

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The actuarial assumed investment rate of return ("discount rate") of 4.5% 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 4.5% 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 changing the discount rate from 4.5% to 5.5% to 3.5%. If the discount rate is reduced from 4.5% to 3.5%, the unfunded accrued liability as of July 1, 2016 would increase from \$128.9 million to \$152.5 million, or an increase of \$23.6 million, and the Net OPEB Obligation would increase by \$1 million as of June 30, 2017. If the discount rate is increased from 4.5% to 5.5%, the unfunded accrued liability as of July 1, 2016 would decrease from \$128.9 million to \$110.6 million, or a decrease of \$18.3 million, and the Net OPEB Obligation would decrease by \$.8 million as of June 30, 2017. The following table summarizes the actuarial impact of the changes described above:

<u>Assumed Discount Rate</u>	<u>UAAL (in millions)</u>	<u>Change From Current UAAL (in millions)</u>	<u>Change From Current Net OPEB Obligation (in millions)</u>
4.5% (Current)	\$ 128.9	\$ N/A	\$ N/A
5.5%	110.6	(18.3)	(0.8)
3.5%	152.5	23.6	1.0

The number of participants as of June 30, 2017 was as follows:

Active Employees	636
Retired Employees	<u>360</u>
	<u>996</u>

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2016	\$ 128,916,568
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 128,916,568</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 61,225,702</u>
UAAL as a Percentage of Covered Payroll	<u>210.56%</u>
Annual Required Contribution	\$ 6,215,671
Interest on Net OPEB Obligation	646,556
Adjustment to Annual Required Contribution	<u>335,032</u>
Annual OPEB Cost	7,197,259
Contributions Made	<u>(4,492,418)</u>
Increase in Net OPEB Obligation	2,704,841
Net OPEB Obligation - Beginning of year	<u>14,367,910</u>
Net OPEB Obligation - End of year	<u>\$ 17,072,751</u>

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 Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 7,197,259	64.72 %	\$ 17,072,751
2016	6,395,456	72.84	14,367,910
2015	4,924,253	87.08	12,630,816

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.

F. 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.

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

<u>Transfers Out</u>	<u>Transfer In</u>		<u>Total</u>
	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	
General Fund	<u>\$ 152,727</u>	<u>\$ 575,000</u>	<u>\$ 727,727</u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Capital Projects funds expenditures.

G. 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.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earning.

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 Tax Reduction - the component of net position that has been established in accordance Education Law to provide for the reduction of school district property taxes.

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).

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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, 2017

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	2017					2016				
	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable										
Inventories	\$ -	\$ -	\$ -	\$ 11,011	\$ 11,011	\$ -	\$ -	\$ -	\$ 5,557	\$ 5,557
Prepaid expenditures	1,351,166	-	-	-	1,351,166	1,246,627	-	-	-	1,246,627
Long term receivable	-	850,000	-	-	850,000	-	1,100,000	-	-	1,100,000
Advances	850,000	-	-	-	850,000	1,100,000	-	-	-	1,100,000
Total Nonspendable	2,201,166	850,000	-	11,011	3,062,177	2,346,627	1,100,000	-	5,557	3,452,184
Restricted										
Tax certiorari	2,813,710	-	-	-	2,813,710	2,812,031	-	-	-	2,812,031
Tax reduction	139,513	-	-	-	139,513	-	-	-	-	-
Unemployment benefits	150,809	-	-	-	150,809	150,719	-	-	-	150,719
Property loss	59,160	-	-	-	59,160	59,125	-	-	-	59,125
Insurance	210,554	-	-	-	210,554	210,429	-	-	-	210,429
Liability claims	218,870	-	-	-	218,870	218,740	-	-	-	218,740
Employee benefit accrued liability	3,009,469	-	-	-	3,009,469	2,840,544	-	-	-	2,840,544
Repairs	137,539	-	-	-	137,539	137,391	-	-	-	137,391
Retirement contributions	1,663,128	-	-	-	1,663,128	1,762,079	-	-	-	1,762,079
Debt service	14,828	-	-	-	14,828	14,819	-	-	-	14,819
Capital projects	-	-	-	-	-	-	-	614,252	-	614,252
Special purposes	-	-	-	52,866	52,866	-	-	-	54,778	54,778
Total Restricted	8,417,580	-	-	52,866	8,470,446	8,205,877	-	614,252	54,778	8,874,907
Assigned										
Purchases on order										
General government support	2,371,157	-	-	-	2,371,157	1,990,784	-	-	-	1,990,784
Instruction	2,796,819	-	-	-	2,796,819	1,147,475	-	-	-	1,147,475
Transportation	69,697	-	-	-	69,697	21,600	-	-	-	21,600
Employee benefits	13,903	-	-	-	13,903	-	-	-	-	-
	5,251,576	-	-	-	5,251,576	3,159,859	-	-	-	3,159,859
Subsequent year's expenditures from										
Retirement contribution restriction	100,000	-	-	-	100,000	100,000	-	-	-	100,000
School lunch fund	-	-	-	115,505	115,505	-	-	-	15,843	15,843
Unassigned fund balance	1,900,000	-	-	-	1,900,000	1,900,000	-	-	-	1,900,000
	2,000,000	-	-	115,505	2,115,505	2,000,000	-	-	15,843	2,015,843
Total Assigned	7,251,576	-	-	115,505	7,367,081	5,159,859	-	-	15,843	5,175,702
Unassigned	4,782,866	(850,000)	(2,396,465)	-	1,536,401	4,709,527	(1,100,000)	-	-	3,609,527
Total Fund Balances	\$ 22,653,188	\$ -	\$ (2,396,465)	\$ 179,382	\$ 20,436,105	\$ 20,421,890	\$ -	\$ 614,252	\$ 76,178	\$ 21,112,320

Chappaqua Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

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, 2017, 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 and Capital Projects Funds represents the deficits in the funds.

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, 2017, the School District was involved in several tuition reimbursement matters in which the parents of the students have requested an impartial hearing seeking tuition reimbursement at private schools. If the parents are successful, the School District could be obligated for tuition reimbursement and the parents' attorney's fees. The total amount of these obligations are currently unknown. These cases are presently being defended aggressively, and in the opinion of the District's counsel, the outcome is indeterminable at this time.

In addition, there are currently five civil matters, involving seven plaintiffs against the School District regarding allegations of sexual abuse against a former drama teacher. Summonses and Complaints have been filed by six plaintiffs and Answers have been interposed. One of the plaintiffs has filed a Summons and Complaint in Federal Court and a Motion to Dismiss is pending. The potential loss is within the New York State Insurance Reciprocal ("NYSIR"), School District insurance carrier, applicable policy limits according to the attorneys assigned to the civil cases by NYSIR.

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.

Chappaqua Central School District, New York

Notes to Financial Statements (Concluded)
June 30, 2017

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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.

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 \$192,313 for the year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 192,313
2019	192,313
2020	96,947
2021	<u>48,867</u>
	<u><u>\$ 530,440</u></u>

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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

Actuarial			Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
Valuation Date	Value of Assets	Accrued Liability				
July 1, 2014	-	\$ 100,967,748	\$ 100,967,748	- %	\$ 59,807,497	168.82 %
July 1, 2015	-	118,878,448	118,878,448	-	60,246,951	197.32
July 1, 2016	-	128,916,568	128,916,568	-	61,225,702	210.56

See independent auditors' report.

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)

	2017 (2)	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.323428%</u>	<u>0.331148%</u>	<u>0.336998%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 3,464,044</u>	<u>\$ (34,395,696)</u>	<u>\$ (37,539,478)</u>
School District's covered payroll	<u>\$ 51,335,414</u>	<u>\$ 51,027,858</u>	<u>\$ 50,635,655</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>6.75%</u>	<u>(67.41)%</u>	<u>(74.14)%</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>99.01%</u>	<u>110.46%</u>	<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*.

(2) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.

Chappaqua Central School District, New York**Required Supplementary Information - Schedule of Contributions
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 6,222,592	\$ 6,726,748	\$ 8,871,828
Contributions in relation to the contractually required contribution	<u>(6,222,592)</u>	<u>(6,726,748)</u>	<u>(8,871,828)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 53,093,788</u>	<u>\$ 50,729,623</u>	<u>\$ 50,609,401</u>
Contributions as a percentage of covered payroll	<u>11.72%</u>	<u>13.26%</u>	<u>17.53%</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)

	2017	2016 (2)	2015
School District's proportion of the net pension liability (asset)	<u>0.0325663%</u>	<u>0.0323534%</u>	<u>0.0335254%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 2,561,529</u>	<u>\$ 4,413,891</u>	<u>\$ 1,132,570</u>
School District's covered payroll	<u>\$ 10,351,599</u>	<u>\$ 9,891,195</u>	<u>\$ 8,900,621</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>24.75%</u>	<u>44.62%</u>	<u>12.72%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.70%</u>	<u>90.70%</u>	<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*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement.

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>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,625,564	\$ 1,554,491	\$ 1,708,720
Contributions in relation to the contractually required contribution	<u>(1,625,564)</u>	<u>(1,554,491)</u>	<u>(1,708,720)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 9,438,329</u>	<u>\$ 9,048,078</u>	<u>\$ 8,900,621</u>
Contributions as a percentage of covered payroll	<u>17.22%</u>	<u>17.18%</u>	<u>19.20%</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,

	2017	2016
ASSETS		
Cash and equivalents	\$ 24,735,802	\$ 25,296,012
Receivables		
Accounts	110	1,246
State and Federal aid	800,154	775,888
Due from other funds	2,694,431	373,672
Advances to other funds	850,000	1,100,000
	4,344,695	2,250,806
Prepaid expenditures	1,351,167	1,246,627
Total Assets	\$ 30,431,664	\$ 28,793,445
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 49,895	\$ 73,087
Accrued liabilities	860,585	719,956
Due to other funds	12,129	-
Due to retirement systems	6,583,641	7,390,350
Due to other governments	265,359	166,565
Unearned revenues	6,867	21,597
Total Liabilities	7,778,476	8,371,555
Fund balance		
Nonspendable	2,201,166	2,346,627
Restricted	8,417,580	8,205,877
Assigned	7,251,576	5,159,859
Unassigned	4,782,866	4,709,527
Total Fund Balance	22,653,188	20,421,890
Total Liabilities and Fund Balance	\$ 30,431,664	\$ 28,793,445

See independent auditors' report.

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,

	2017				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbrances	
REVENUES					
Real property taxes	\$ 100,338,003	\$ 100,338,003	\$ 100,338,003	\$	\$ -
Other tax items	5,630,113	5,630,113	5,630,113		-
Non-property taxes	835,000	835,000	855,701		20,701
Charges for services	465,000	465,000	565,162		100,162
Use of money and property	235,000	235,000	262,199		27,199
State aid	8,172,172	8,172,172	9,190,510		1,018,338
Federal aid	-	-	59,490		59,490
Miscellaneous	550,000	594,489	889,744		295,255
Total Revenues	116,225,288	116,269,777	117,790,922		1,521,145
EXPENDITURES					
Current					
General support					
Board of education	44,629	132,841	90,464	28,616	13,761
Central administration	412,951	638,909	618,244	15,560	5,105
Finance	1,148,097	1,406,375	1,223,235	167,083	16,057
Staff	927,066	853,678	703,230	141,677	8,771
Central services	10,722,750	11,639,609	9,580,721	2,018,221	40,667
Special items	1,734,558	1,638,052	1,628,463	-	9,589
Total General Support	14,990,051	16,309,464	13,844,357	2,371,157	93,950
Instruction					
Instruction, administration and improvement	5,265,687	5,138,415	5,065,226	14,631	58,558
Teaching - Regular school	39,583,086	41,234,138	38,755,217	2,181,966	296,955
Programs for students with disabilities	13,000,965	11,765,027	11,734,425	-	30,602
Teaching - Special schools	261,319	314,912	308,937	-	5,975
Instructional media	3,154,757	3,298,665	3,151,962	136,285	10,418
Pupil services	6,311,211	6,652,288	6,131,230	463,937	57,121
Total Instruction	67,577,025	68,403,445	65,146,997	2,796,819	459,629
Pupil transportation	6,637,190	6,412,158	6,337,639	69,697	4,822
Community services	21,914	22,754	22,754	-	-
Employee benefits	25,991,235	24,376,996	24,303,088	13,903	60,005
Debt service					
Principal	3,817,757	3,600,554	3,600,554	-	-
Interest	1,599,975	1,576,538	1,576,508	-	30
Total Expenditures	120,635,147	120,701,909	114,831,897	5,251,576	618,436
Excess (Deficiency) of Revenues Over Expenditures	(4,409,859)	(4,432,132)	2,959,025	(5,251,576)	2,139,581
OTHER FINANCING USES					
Transfers out	(750,000)	(727,727)	(727,727)	-	-
Net Change in Fund Balance	(5,159,859)	(5,159,859)	2,231,298	\$ (5,251,576)	\$ 2,139,581
FUND BALANCE					
Beginning of Year	5,159,859	5,159,859	20,421,890		
End of Year	\$ -	\$ -	\$ 22,653,188		

See independent auditors' report.

2016				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 99,983,798	\$ 99,983,798	\$ 99,983,798	\$	\$ -
5,984,318	5,984,318	5,984,318		-
825,000	825,000	846,877		21,877
465,000	465,000	487,878		22,878
235,000	235,000	183,274		(51,726)
7,608,572	7,608,572	8,429,398		820,826
-	-	68,328		68,328
550,000	578,294	511,943		(66,351)
115,651,688	115,679,982	116,495,814		815,832
41,490	46,200	33,390	3,139	9,671
380,620	399,404	393,131	4,399	1,874
1,103,793	1,210,534	1,142,106	44,006	24,422
859,699	973,464	767,140	137,740	68,584
9,381,269	10,932,218	9,207,777	1,724,441	-
1,748,220	2,210,537	2,133,478	77,059	-
13,515,091	15,772,357	13,677,022	1,990,784	104,551
4,783,963	5,189,317	5,130,415	5,784	53,118
39,730,749	38,433,571	37,016,725	853,876	562,970
12,300,228	12,124,585	11,669,218	31,888	423,479
265,505	265,505	256,058	-	9,447
3,024,403	3,015,461	2,820,277	195,184	-
6,100,617	6,231,463	6,040,558	60,743	130,162
66,205,465	65,259,902	62,933,251	1,147,475	1,179,176
6,542,164	6,564,230	6,306,576	21,600	236,054
20,792	21,914	21,914	-	-
26,550,350	25,335,664	24,904,689	-	430,975
3,644,516	3,646,035	3,525,174	-	120,861
1,752,353	1,675,754	1,675,754	-	-
118,230,731	118,275,856	113,044,380	3,159,859	2,071,617
(2,579,043)	(2,595,874)	3,451,434	(3,159,859)	2,887,449
(750,000)	(733,169)	(733,169)	-	-
(3,329,043)	(3,329,043)	2,718,265	\$ (3,159,859)	\$ 2,887,449
3,329,043	3,329,043	17,703,625		
\$ -	\$ -	\$ 20,421,890		

Chappaqua Central School District, New York

General Fund

Schedule of Revenues Compared to Budget

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 100,338,003	\$ 100,338,003	\$ 100,338,003	\$ -
OTHER TAX ITEMS				
School tax relief reimbursement	5,630,113	5,630,113	5,630,113	-
NON-PROPERTY TAXES				
Non-property tax distribution from County	835,000	835,000	855,701	20,701
CHARGES FOR SERVICES				
Continuing education tuition	265,000	265,000	308,883	43,883
Other student fees and charges	200,000	200,000	256,279	56,279
	465,000	465,000	565,162	100,162
USE OF MONEY AND PROPERTY				
Earnings on investments	100,000	100,000	146,248	46,248
Rental of real property	135,000	135,000	114,664	(20,336)
Commissions	-	-	1,287	1,287
	235,000	235,000	262,199	27,199
STATE AID				
Basic formula	6,320,770	6,320,770	6,479,866	159,096
BOCES	1,026,402	1,026,402	1,001,688	(24,714)
Textbooks	175,000	175,000	170,131	(4,869)
Lottery	550,000	550,000	901,401	351,401
Computer software aid	75,000	75,000	74,022	(978)
Library aid	25,000	25,000	24,137	(863)
Tuition aided handicapped	-	-	151,882	151,882
Homeless aid	-	-	387,383	387,383
	8,172,172	8,172,172	9,190,510	1,018,338

FEDERAL AID

Medical assistance

MISCELLANEOUS

Refund of prior year's expenditures

Refund of BOCES aided services

Gifts and donations

Other

TOTAL REVENUES

-	-	59,490	59,490
300,000	300,000	264,976	(35,024)
-	-	89,502	89,502
-	44,489	44,490	1
250,000	250,000	490,776	240,776
550,000	594,489	889,744	295,255
<u>\$ 116,225,288</u>	<u>\$ 116,269,777</u>	<u>\$ 117,790,922</u>	<u>\$ 1,521,145</u>

Chappaqua Central School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 14,227	\$ 97,377	\$ 68,776	\$ 28,570	\$ 31
District clerk	18,722	18,629	10,822	46	7,761
District meeting	11,680	16,835	10,866	-	5,969
Total Board of Education	44,629	132,841	90,464	28,616	13,761
CENTRAL ADMINISTRATION					
Chief school administrator	412,951	638,909	618,244	15,560	5,105
FINANCE					
Business administration	1,038,067	1,296,345	1,130,620	157,758	7,967
Accounting and auditing	110,030	110,030	92,615	9,325	8,090
Total Finance	1,148,097	1,406,375	1,223,235	167,083	16,057
STAFF					
Legal	438,646	434,346	293,669	140,677	-
Personnel	414,553	348,247	342,714	1,000	4,533
Public information and services	73,867	71,085	66,847	-	4,238
Total Staff	927,066	853,678	703,230	141,677	8,771

CENTRAL SERVICES

Operation of plant	7,059,764	7,148,890	6,522,018	588,337	38,535
Maintenance of plant	3,662,986	4,490,719	3,058,703	1,429,884	2,132
Total Central Services	10,722,750	11,639,609	9,580,721	2,018,221	40,667

SPECIAL ITEMS

Unallocated insurance	415,000	468,413	468,413	-	-
Judgments and claims	289,528	57,528	57,528	-	-
School association dues	22,789	26,789	20,394	-	6,395
Assessments on school property	65,000	65,000	61,806	-	3,194
Refunds of real property taxes	137,241	49,266	49,266	-	-
Administrative charge - BOCES	805,000	971,056	971,056	-	-
Total Special Items	1,734,558	1,638,052	1,628,463	-	9,589

Total General Support

14,990,051	16,309,464	13,844,357	2,371,157	93,950
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INSTRUCTION**INSTRUCTION, ADMINISTRATION
AND IMPROVEMENT**

Curriculum development and supervision	1,519,977	1,374,112	1,312,474	13,995	47,643
Supervision - Regular school	3,729,210	3,755,803	3,744,252	636	10,915
Research, planning and evaluation	16,500	8,500	8,500	-	-
Total Instruction, Administration and Improvement	5,265,687	5,138,415	5,065,226	14,631	58,558

TEACHING - REGULAR SCHOOL

39,583,086	41,234,138	38,755,217	2,181,966	296,955
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**PROGRAMS FOR STUDENTS
WITH DISABILITIES**

13,000,965	11,765,027	11,734,425	-	30,602
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TEACHING - SPECIAL SCHOOLS

261,319	314,912	308,937	-	5,975
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(Continued)

Chappaqua Central School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
<i>INSTRUCTIONAL MEDIA</i>					
School library and audiovisual	\$ 1,153,047	\$ 1,089,973	\$ 1,079,636	\$ 1,127	\$ 9,210
Computer assisted instruction	2,001,710	2,208,692	2,072,326	135,158	1,208
Total Instructional Media	3,154,757	3,298,665	3,151,962	136,285	10,418
<i>PUPIL SERVICES</i>					
Attendance - Regular school	45,405	47,905	47,283	-	622
Guidance - Regular school	2,371,527	2,352,823	2,341,989	685	10,149
Health services - Regular school	823,119	769,663	726,279	-	43,384
Psychological services - Regular school	1,291,503	1,290,943	1,288,595	-	2,348
Co-curricular activities - Regular school	392,449	388,251	387,733	-	518
Interscholastic athletics - Regular school	1,387,208	1,802,703	1,339,351	463,252	100
Total Pupil Services	6,311,211	6,652,288	6,131,230	463,937	57,121
Total Instruction	67,577,025	68,403,445	65,146,997	2,796,819	459,629
PUPIL TRANSPORTATION					
Contract and public carrier transportation	6,637,190	6,412,158	6,337,639	69,697	4,822
COMMUNITY SERVICES					
Census	21,914	22,754	22,754	-	-

EMPLOYEE BENEFITS

State retirement	1,526,000	1,366,871	1,366,871	-	-
Teachers' retirement	6,381,000	5,889,886	5,865,737	-	24,149
Social security	4,633,400	4,177,050	4,177,050	-	-
Hospital and medical insurance	12,044,000	11,426,644	11,412,380	-	14,264
Dental and vision insurance	96,040	98,028	98,028	-	-
Workers' compensation benefits	335,000	335,000	314,068	13,903	7,029
Unemployment benefits	125,000	17,980	17,980	-	-
Disability insurance	20,050	20,020	18,846	-	1,174
Life insurance	25,535	29,767	27,927	-	1,840
Union welfare benefits	788,210	797,210	789,285	-	7,925
Other benefits	17,000	218,540	214,916	-	3,624
Total Employee Benefits	25,991,235	24,376,996	24,303,088	13,903	60,005

DEBT SERVICE

Principal

Serial bonds	2,645,000	2,645,000	2,645,000	-	-
Energy performance contract debt	716,529	716,529	716,529	-	-
Installment purchase debt	456,228	239,025	239,025	-	-
	3,817,757	3,600,554	3,600,554	-	-

Interest

Serial bonds	1,277,256	1,277,256	1,277,256	-	-
Energy performance contract debt	227,530	282,751	282,721	-	30
Installment purchase debt	20,189	16,531	16,531	-	-
Tax anticipation note	75,000	-	-	-	-

Total Debt Service	5,417,732	5,177,092	5,177,062	-	30
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TOTAL EXPENDITURES	120,635,147	120,701,909	114,831,897	5,251,576	618,436
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OTHER FINANCING USES

Transfers out

Special Aid Fund	175,000	152,727	152,727	-	-
Capital Projects Fund	575,000	575,000	575,000	-	-

TOTAL OTHER FINANCING USES	750,000	727,727	727,727	-	-
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TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 121,385,147	\$ 121,429,636	\$ 115,559,624	\$ 5,251,576	\$ 618,436
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See independent auditors' report.

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Chappaqua Central School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 109,782	\$ 9,709
State and Federal aid receivable	<u>1,536,573</u>	<u>1,463,604</u>
Total Assets	<u>\$ 1,646,355</u>	<u>\$ 1,473,313</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ 796,355	\$ 373,313
Advances from other funds	<u>850,000</u>	<u>1,100,000</u>
Total Liabilities	<u>1,646,355</u>	<u>1,473,313</u>
Fund balance (deficit)		
Nonspendable	850,000	1,100,000
Unassigned	<u>(850,000)</u>	<u>(1,100,000)</u>
Total Fund Balance	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 1,646,355</u>	<u>\$ 1,473,313</u>

See independent auditors' report.

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,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
State aid	\$ 605,828	\$ 628,099	\$ 628,098	\$ (1)
Federal aid	1,164,806	1,179,436	1,025,341	(154,095)
Total Revenues	1,770,634	1,807,535	1,653,439	(154,096)
EXPENDITURES				
Current				
Instruction	1,945,634	1,960,262	1,806,166	154,096
Deficiency of Revenues Over Expenditures	(175,000)	(152,727)	(152,727)	-
OTHER FINANCING SOURCES				
Transfers in	175,000	152,727	152,727	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

2016			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 700,000	\$ 632,675	\$ 632,675	\$ -
1,086,804	1,086,058	950,566	(135,492)
1,786,804	1,718,733	1,583,241	(135,492)
1,961,804	1,876,902	1,741,410	135,492
(175,000)	(158,169)	(158,169)	-
175,000	158,169	158,169	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Chappaqua Central School District, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 427,468	\$ 614,611
Restricted cash	<u>388,529</u>	<u>-</u>
Total Assets	<u>\$ 815,997</u>	<u>\$ 614,611</u>
LIABILITIES AND FUND BALANCES (DEFICIT)		
Liabilities		
Accounts payable	\$ 1,314,386	\$ -
Due to other funds	<u>1,898,076</u>	<u>359</u>
Total Liabilities	<u>3,212,462</u>	<u>359</u>
Fund Balance (Deficit)		
Restricted	-	614,252
Unrestricted	<u>(2,396,465)</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>(2,396,465)</u>	<u>614,252</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 815,997</u>	<u>\$ 614,611</u>

See independent auditors' report.

Chappaqua Central School District, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures
and Changes in Fund Balance
Years Ended June 30,

	<u>2017</u>	<u>2016</u>
REVENUES		
Miscellaneous	\$ 2,471	\$ -
EXPENDITURES		
Capital outlay	<u>6,971,584</u>	<u>565,990</u>
Deficiency of Revenues Over Expenditures	<u>(6,969,113)</u>	<u>(565,990)</u>
OTHER FINANCING SOURCES		
Installment purchase debt issued	3,383,396	-
Transfers in	<u>575,000</u>	<u>1,170,000</u>
Total Other Financing Sources	<u>3,958,396</u>	<u>1,170,000</u>
Net Change in Fund Balance	(3,010,717)	604,010
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>614,252</u>	<u>10,242</u>
End of Year	<u><u>\$ (2,396,465)</u></u>	<u><u>\$ 614,252</u></u>

See independent auditors' report.

Chappaqua Central School District, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2017

PROJECT	Authorization	Expenditures and Transfers to Date			Unexpended Balance
		Prior Years	Current Year	Total	
Horace Greely High School					
Turf and Roof	\$ 582,818	\$ 572,576	\$ 10,242	\$ 582,818	\$ -
Horace Greely High School					
Roof and Tennis Court	513,643	481,155	32,488	513,643	-
Bell Security	61,357	19,587	41,770	61,357	-
High School Cafeteria	595,000	65,248	529,752	595,000	-
EPC Project	3,385,867	-	3,152,746	3,152,746	233,121
Back flow preventers	259,700	-	5,166	5,166	254,534
Asbestos Tile Removal/Replacement	132,300	-	75,540	75,540	56,760
Bell Middle School Roof Replacement	195,000	-	67,010	67,010	127,990
School - Wide Improvements	42,500,000	-	3,056,870	3,056,870	39,443,130
Totals	<u>\$ 48,225,685</u>	<u>\$ 1,138,566</u>	<u>\$ 6,971,584</u>	<u>\$ 8,110,150</u>	<u>\$ 40,115,535</u>

See independent auditors' report.

Methods of Financing				Fund Balance at June 30, 2017
Proceeds of Obligations	Transfers	Miscellaneous	Totals	
\$ -	\$ 350,000	\$ 232,818	\$ 582,818	\$ -
-	513,643	-	513,643	-
-	61,357	-	61,357	-
-	595,000	-	595,000	-
3,383,396	-	2,471	3,385,867	233,121
-	247,700	-	247,700	242,534
-	132,300	-	132,300	56,760
-	195,000	-	195,000	127,990
-	-	-	-	(3,056,870)
<u>\$ 3,383,396</u>	<u>\$ 2,095,000</u>	<u>\$ 235,289</u>	<u>\$ 5,713,685</u>	<u>\$ (2,396,465)</u>

Chappaqua Central School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2017
(With Comparative Totals for 2016)

			Total Non-Major Governmental Funds	
	School Lunch	Special Purpose	2017	2016
ASSETS				
Cash and equivalents	\$ 201,818	\$ 52,866	\$ 254,684	\$ 168,711
Receivables				
Accounts	9,573	-	9,573	9,084
State and Federal aid	7,491	-	7,491	7,282
Due from other funds	12,129	-	12,129	-
	29,193	-	29,193	16,366
Inventories	11,011	-	11,011	9,036
Total Assets	<u>\$ 242,022</u>	<u>\$ 52,866</u>	<u>\$ 294,888</u>	<u>\$ 194,113</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Unearned revenues	\$ 115,506	\$ -	\$ 115,506	\$ 117,935
Fund balances				
Nonspendable	11,011	-	11,011	9,036
Restricted	-	52,866	52,866	54,778
Assigned	115,505	-	115,505	12,364
Total Fund Balances	126,516	52,866	179,382	76,178
Total Liabilities and Fund Balances	<u>\$ 242,022</u>	<u>\$ 52,866</u>	<u>\$ 294,888</u>	<u>\$ 194,113</u>

See independent auditors' report.

Chappaqua Central School District, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2017
(With Comparative Totals for 2016)

			Total Non-Major Governmental Funds	
	School Lunch	Special Purpose	2017	2016
REVENUES				
Use of money and property	\$ 290	\$ 6	\$ 296	\$ 198
State aid	10,014	-	10,014	10,327
Federal aid	108,966	-	108,966	133,227
Food sales	1,863,438	-	1,863,438	1,953,777
Miscellaneous	7,907	1,190	9,097	25,816
	<u>1,990,615</u>	<u>1,196</u>	<u>1,991,811</u>	<u>2,123,345</u>
EXPENDITURES				
Current				
Cost of food sales	1,885,499	-	1,885,499	2,083,335
Other	-	3,108	3,108	3,254
	<u>1,885,499</u>	<u>3,108</u>	<u>1,888,607</u>	<u>2,086,589</u>
Excess (Deficiency) of Revenues Over Expenditures	105,116	(1,912)	103,204	36,756
OTHER FINANCING USES				
Transfers out	-	-	-	(595,000)
Net Change in Fund Balances	105,116	(1,912)	103,204	(558,244)
FUND BALANCES				
Beginning of Year	<u>21,400</u>	<u>54,778</u>	<u>76,178</u>	<u>634,422</u>
End of Year	<u>\$ 126,516</u>	<u>\$ 52,866</u>	<u>\$ 179,382</u>	<u>\$ 76,178</u>

See independent auditors' report.

Chappaqua Central School District, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	<u>\$ 201,818</u>	<u>\$ 113,933</u>
Receivables		
Accounts	9,573	9,084
State and Federal aid	7,491	7,282
Due from other funds	<u>12,129</u>	<u>-</u>
	<u>29,193</u>	<u>16,366</u>
Inventories	<u>11,011</u>	<u>9,036</u>
Total Assets	<u><u>\$ 242,022</u></u>	<u><u>\$ 139,335</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Unearned revenues	<u>\$ 115,506</u>	<u>\$ 117,935</u>
Fund balance		
Nonspendable	11,011	9,036
Assigned	<u>115,505</u>	<u>12,364</u>
Total Fund Balance	<u>126,516</u>	<u>21,400</u>
Total Liabilities and Fund Balance	<u><u>\$ 242,022</u></u>	<u><u>\$ 139,335</u></u>

See independent auditors' report.

Chappaqua Central School District, New York

School Lunch Fund

Comparative Statement of Revenues, Expenditures and

Changes in Fund Balance

Years Ended June 30,

	<u>2017</u>	<u>2016</u>
REVENUES		
Use of money and property	\$ 290	\$ 195
State aid	10,014	10,327
Federal aid	108,966	133,227
Food sales	1,863,438	1,953,777
Miscellaneous	<u>7,907</u>	<u>134</u>
Total Revenues	1,990,615	2,097,660
EXPENDITURES		
Current		
Cost of food sales	<u>1,885,499</u>	<u>2,083,335</u>
Excess of Revenues Over Expenditures	105,116	14,325
OTHER FINANCING USES		
Transfers out	<u>-</u>	<u>(595,000)</u>
Net Change in Fund Balance	105,116	(580,675)
FUND BALANCE		
Beginning of Year	<u>21,400</u>	<u>602,075</u>
End of Year	<u>\$ 126,516</u>	<u>\$ 21,400</u>

See independent auditors' report.

Chappaqua Central School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	<u>\$ 52,866</u>	<u>\$ 54,778</u>
 FUND BALANCE		
Restricted	<u>\$ 52,866</u>	<u>\$ 54,778</u>

See independent auditors' report.

Chappaqua Central School District, New York

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

	<u>2017</u>	<u>2016</u>
REVENUES		
Use of money and property	\$ 6	\$ 3
Miscellaneous	<u>1,190</u>	<u>25,682</u>
Total Revenues	1,196	25,685
EXPENDITURES		
Current		
Other	<u>3,108</u>	<u>3,254</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,912)	22,431
FUND BALANCE		
Beginning of Year	<u>54,778</u>	<u>32,347</u>
End of Year	<u>\$ 52,866</u>	<u>\$ 54,778</u>

See independent auditors' report.

Chappaqua Central School District, New York

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2017

Adopted Budget	\$ 118,225,288
Additions	
Encumbrances	<u>3,159,859</u>
Original Budget	121,385,147
Budget Amendments	<u>44,489</u>
Final Budget	<u><u>\$ 121,429,636</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

Year Ended June 30, 2017

2017-18 Expenditure Budget	<u>\$ 119,571,688</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	7,251,576
Unassigned fund balance	<u>4,782,866</u>
Total Unrestricted Fund Balance	<u>12,034,442</u>
Less	
Appropriated for subsequent year's budget	2,000,000
Encumbrances	<u>5,251,576</u>
Total Adjustments	<u>7,251,576</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 4,782,866</u></u>
Actual Percentage	<u><u>4.00%</u></u>

See independent auditors' report.

Chappaqua Central School District, New York

Schedule of Net Investment In Capital Assets
Year Ended June 30, 2017

Capital Assets, net		\$ 113,152,225
Less		
Bonds Payable	(30,260,000)	
Energy Performance Contract Debt Payable	(12,068,240)	
Installment Purchase Debt Payable	(349,153)	
Unamortized Portion of Premium	<u>(2,252,348)</u>	(44,929,741)
Plus		
Unexpended debt proceeds	230,650	
Unamortized Portion of Loss on Refunding	<u>1,465,444</u>	<u>1,696,094</u>
Net Investment in Capital Assets		<u>\$ 69,918,578</u>

See independent auditors' report.

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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, 2017, 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 15, 2017.

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*.

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.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 15, 2017

**Report on Compliance For Each Major Federal Program and
Report on Internal Control Over Compliance Required by
the Uniform Guidance**

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 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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2017.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 15, 2017

Chappaqua Central School District, New York

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub- recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
National School Lunch Program (NSLP) - Commodities	10.555		\$ -	\$ 26,730
National School Lunch Program (NSLP) - Cash	10.555		-	82,236
Total U.S. Department of Agriculture			-	108,966
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States (IDEA, Part B)	84.027A	032-17-1077	-	698,063
Special Education - Preschool Grants (IDEA Preschool)	84.173A	033-17-1077	-	17,202
			-	715,265
Improving Teacher Quality State Grants	84.367A	147-16-3745	-	19,158
Improving Teacher Quality State Grants	84.367A	147-17-3745	-	76,947
			-	96,105
Title I Grants to Local Educational Agencies	84.010A	021-16-3745	-	104,718
Title I Grants to Local Educational Agencies	84.010A	021-17-3745	-	109,253
				213,971
Total U.S. Department of Education			-	1,025,341
Total			\$ -	\$ 1,134,307

(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, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Chappaqua Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2017. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Chappaqua Central School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report the auditor
Issued on whether the financial statements audited
Were prepared in accordance with GAAP

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 federal programs:

Unmodified

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR 200.516(a)?

____ Yes X No

Identification of major federal 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?

\$750,000
 X Yes ____ No

Chappaqua Central School District, New York

Schedule of Findings and Questioned Costs (Concluded)
Year Ended June 30, 2017

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, 2017

None