

ARDSLEY UNION FREE
SCHOOL DISTRICT

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2017

ARDSLEY UNION FREE SCHOOL DISTRICT

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JUNE 30, 2017

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ARDSLEY UNION FREE SCHOOL DISTRICT
Management's Discuss and Analysis (MD&A)
June 30, 2017

INTRODUCTION

The Ardsley Union Free School District (the District) offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2017 are as follows:

- New York State Law limits the amount of 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 fiscal year, the unassigned fund balance of the General Fund was \$2.700 million and the amount was within the limit. The assigned fund balance of the General Fund was \$2.921 million which includes \$.279 million in carry over encumbrances.
- The District governmental fund financial statement reported a combined ending fund balance of \$18.190 million which includes \$.818 million in Other Governmental Funds.
- The District paid \$3.592 million in principal on debt service.
- On the District-wide financial statements, the assets of the District exceeded liabilities by \$46.328 million. The District's total net position decreased by \$1.968 million for the year ended June 30, 2017.
- Included in this year's district-wide full accrual financial statements is the continuing recognition of the other post-employment benefit (OPEB) obligations as required under the provisions of Governmental Accounting Standards Boards (GASB) Statement No. 45. The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. GASB Statement No. 45 establishes standards for accrual based measurement and recognition of OPEB expenses over periods that approximate employees' years of active service. The Statement also provides guidance on the required note disclosures. For the year ending June 30, 2017, the District's OPEB obligations of \$23.140 million are reflected as a liability on the District-wide financial statements.
- The District has an Aa2 bond rating from Moody's Investor Services. This high rating has contributed to a lower interest rate cost for District borrowings. After reviewing the District's financials, Moody's upgraded the District's rating on May 7, 2015.

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OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis narrative (required supplemental information) 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
3. Notes to the Financial Statements

In addition to these statements, this report also includes other supplemental information.

The District's auditor has provided assurance in the Independent Auditor's Report that the Basic Financial Statements are fairly stated. A different degree of assurance is being provided by the auditor regarding the supplemental information identified below. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each part in the financial statements.

FINANCIAL STATEMENTS

Required Supplemental Information (Part A)
Management's Discussion & Analysis (MD&A)

BASIC STATEMENTS



Notes to the Basic Financial
Statements

Supplemental Information

General Fund Budget & Fund Balance Information

Capital Project Funds Schedule of Project Expenditures

General Fund Budget to Actual Schedule

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District-Wide Financial Statements

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

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The District-wide financial statements using the full accrual basis of accounting has been in place for a number of years. Therefore, there continues to be an opportunity to provide a comparison with prior years' full accrual data, and to make comparisons to previous years.

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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. certain federal/state grants earned but not yet received, unused vacation/sick leave, and proceeds from Revenue Anticipation Notes and related interest).

All of the District's services are reported in the District-wide financial statements as *governmental activities*, including general support, instruction, pupil transportation, community services, and school lunch. Property taxes, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

ARDSLEY UNION FREE SCHOOL DISTRICT
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June 30, 2017

Net Position (in thousands of dollars)

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Government Activities:			
Current Assets	\$ 24,802	\$ 26,854	-7.6%
Capital Assets	64,995	51,068	27.3%
Net Pension Asset	<u>-</u>	<u>18,906</u>	-100.0%
Total Assets	<u>89,797</u>	<u>96,828</u>	-7.3%
Deferred Outflows of Resources:			
Pension	15,458	2,063	649.3%
Contributions past measurement	3,758	3,843	100.0%
Defeasance Loss	<u>20</u>	<u>33</u>	-39.4%
Total Deferred Outflows of Resources	<u>19,236</u>	<u>5,939</u>	223.9%
Current Liabilities	2,191	2,749	-20.3%
Long-Term Liabilities	56,557	56,496	0.1%
Net Pension Liability	<u>3,434</u>	<u>2,464</u>	39.4%
Total Liabilities	<u>62,182</u>	<u>61,709</u>	0.8%
Deferred Inflows of Resources:			
Deferred Revenue - Other	478	-	100.0%
Deferred Revenue - Pension	<u>45</u>	<u>7,245</u>	-99.4%
Total Deferred Inflows of Resources	<u>523</u>	<u>7,245</u>	-92.8%
Net Position:			
Invested in Capital Assets	35,751	18,472	93.5%
Restricted for:			
Debt Service	75	71	5.6%
General Fund Non-Spendable	-	-	0.0%
Capital	500	-	100.0%
Unemployment Insurance	250	250	0.0%
Employee Benefits Accrued Liability	1,841	1,813	1.5%
Tax Certiorari	6,657	7,361	-9.6%
Retirement Contributions	2,482	2,482	0.0%
Unrestricted	<u>(1,229)</u>	<u>3,362</u>	-136.6%
Total Net Position	<u>\$ 46,327</u>	<u>\$ 33,811</u>	37.0%

(Note: Totals may not add due to rounding)

ARDSLEY UNION FREE SCHOOL DISTRICT
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By far, the largest component of the District's new assets reflect its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the 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.

Changes in Net Position from Operating Results (in thousands of dollars)

	Governmental Activities		
	2017	2016	% Change
<i>Revenues</i>			
Program Revenues:			
Charges for Services	\$ 4,617	\$ 5,273	-12.4%
Operating Grants and Contributions	1,013	1,238	-18.2%
Total Program Revenues	5,630	6,511	-13.5%
General Revenues:			
Real Property Taxes	45,867	45,015	1.9%
Other Tax Items	5,669	5,878	-3.6%
Non-Property Taxes	512	503	1.8%
Use of Money & Property	205	275	-25.5%
Sale of Property/Compensation for Loss:	-	1	100.0%
State Sources	7,124	5,896	20.8%
Miscellaneous	293	437	-33.0%
Medicaid	37	39	-5.1%
Premium on Bond Issue	-	-	100.0%
Total General Revenues	59,707	58,044	2.9%
Total Revenues	65,337	64,555	1.2%
Program Expenses			
General Support	8,468	9,112	-7.1%
Instruction	54,069	48,110	12.4%
Pupil Transportation	2,399	2,238	7.2%
Community Services	687	652	5.4%
Cost of Food Sales	640	558	14.7%
Other	1,059	1,013	0.0%
Total Expenses	67,322	61,683	9.1%
Change in Net Position	\$ (1,985)	\$ 2,872	-169.1%

(Note: Totals may not add due to rounding)

ARDSLEY UNION FREE SCHOOL DISTRICT
Management's Discuss and Analysis (MD&A)
June 30, 2017

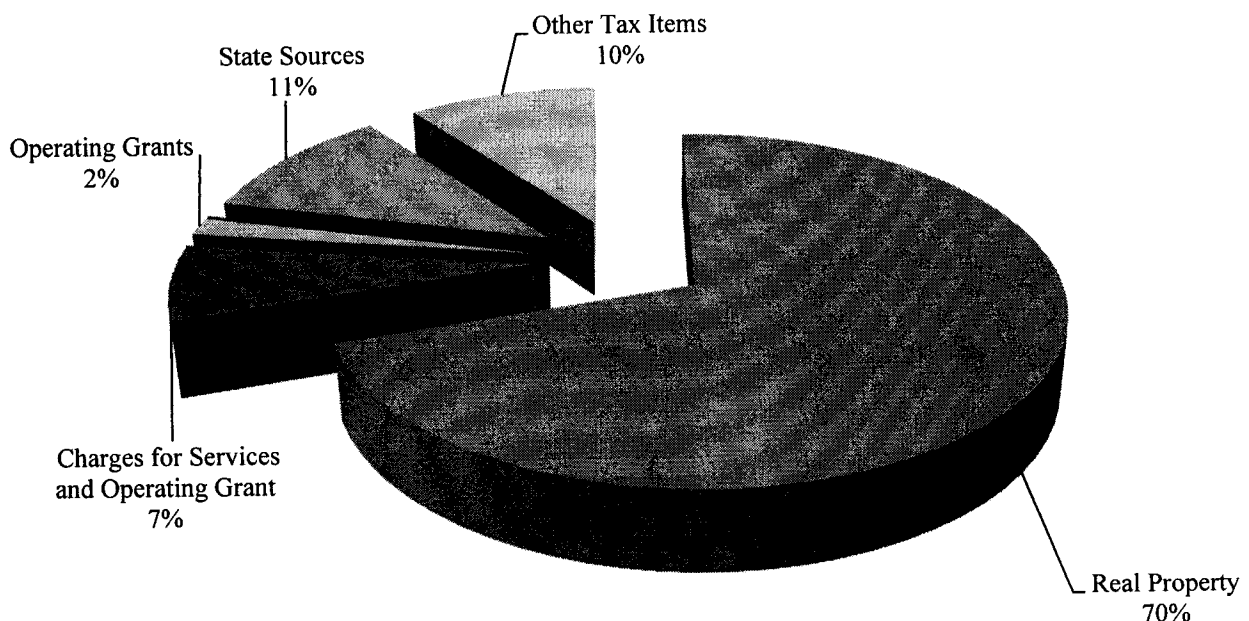
The following graph indicates that the District relies upon real property taxes as its primary revenue source and the largest expense is in the Instructional category.

Revenues increased by \$0.800 million. Real Property Taxes increased by \$0.850 million. State aid increased by \$1.228 million.

The Ardsley Union Free School District continues to manage transportation for the Quad Village districts. Ardsley Union Free School District recognized \$.181 million in revenue from the Quad Village transportation management. The District also realized shared bus runs with neighboring districts. The District was able to underspend the transportation budget by \$.201 million.

The District increased facilities rentals which results in revenue of \$.017 million over budget. A rise in sales tax was caused by the variable local economy this year. This allowed the District to outperform the budget by \$.087 million.

Figure A-1
Sources of Revenues for Fiscal Year 2017

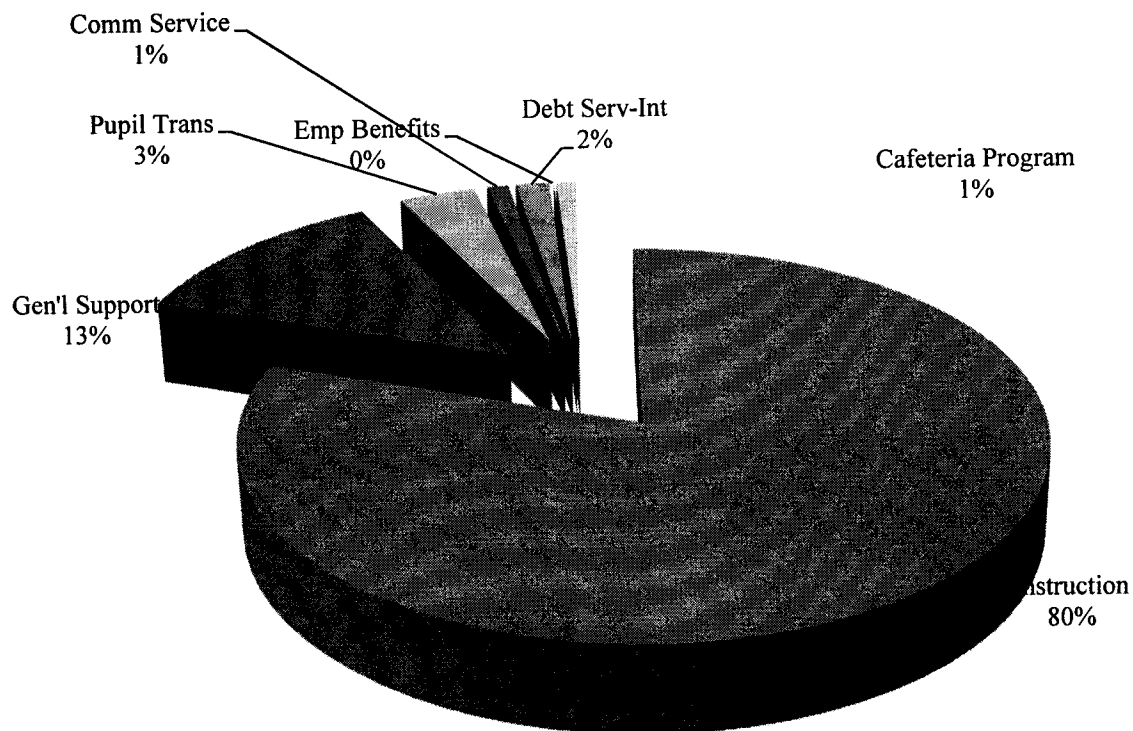


ARDSLEY UNION FREE SCHOOL DISTRICT
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Expenses increased a total of \$5.649 million from 2016. The majority of the budget is comprised of salaries and benefits. These are contractual expenses. The District had been able to combine out-of-district bus runs with the Quad Village districts which have resulted in reduced costs for all the districts. Managing the Quad Village transportation has allowed the District to offset some of the administrative costs associated with running a transportation program.

The District settled Special Education claims thereby reducing legal exposure and anticipated costs. This year the District needed to send fewer students to resident and out-of-district programs. Ardsley Union Free School District was able to educate more of its special education population within house programs. This resulted in reduced special education costs.

Figure A-2
Expenses for Fiscal Year 2017



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Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or *major* funds.

A fund is a grouping of related accounts, and 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. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants). All of the funds of the District can be divided into two categories; governmental funds, and fiduciary funds.

- ***Governmental Funds:*** All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- ***Fiduciary Funds:*** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

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Fund Financial Analysis (District Funds)

The District's governmental funds, as presented on the balance sheet, reported a combined fund balance of \$18.190 million. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2017 and 2016:

	2017 Fund	2016 Fund	Increase
	Balance	Balance	(Decrease)
General	\$ 17,372,131	\$ 18,028,741	\$ (656,610)
School Lunch	600,822	546,601	54,221
Special Aid	-	-	-
Debt Service	74,532	71,182	3,350
Capital	142,356	1,135,007	(992,651)
	<u>\$ 18,189,841</u>	<u>\$ 19,781,531</u>	<u>\$ (1,591,690)</u>

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 District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$18.190 million. Of this amount, \$2.700 million constitutes *unassigned fund balance*. The *unassigned fund balance* is available for spending at the District's discretion. \$2.642 million of the *assigned fund balance* is being used to offset the tax levy. The remainder of fund balance is *restricted* and not available for new spending because it has already been committed. The *restricted fund balances* include a reserve for employee benefits accrued liability of \$1.841 million, a reserve for retirement contributions of \$2.482 million, a reserve for tax certiorari of \$6,657 million, a reserve for unemployment insurance of \$.250 million, and a reserve for capital projects of \$.500 million. To strategically plan for the future, last year the District set up a repair reserve which can be funded in future years by voter approval. The repair reserve has not been funded at this time.

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The Chart below summarizes the various factors and financial issues which affected the District this year.

Budget Fluctuation Factors

Revenues:

Non-Property Taxes	Sales tax higher than expected
Day School Tuition-Other Districts	Anticipated 46 Students, started the year with 48 and ended with 45 students
Day School Tuition-Individuals	Enrollment remained constant this year
Transportation	Recognized revenue by using District buses to share special education runs with Quad Village districts
ERATE	Took advantage of federal reimbursement for technology
Other Charges	Increased number of participants in swim lessons, camp, and after school programs
Interest & Earnings	Managed cash flows to increase interest income, changed banks to increase income
Facilities	Increased use of facilities by community and sports organizations
Refund of Prior Years Expenditures	Liquidated old payables and recognized BOCES refund

Expenditures:

Legal	Special Ed and District legal costs came in less than anticipated
Transportation	Fifty percent of Director of Transportation's salary was expensed to the Quad Village transportation which was paid for by the three other Quad Village districts. Savings were recognized by working with the Quad Village to transport students from each district to schools outside the districts
Operation of Plant	Facilities utilized gas heating to take advantage of cost savings
Retirement Incentive	Only two staff members took advantage of the retirement incentive
Special Education	Students were able to attend in house programs which resulted in decreased costs

ARDSLEY UNION FREE SCHOOL DISTRICT
Management's Discuss and Analysis (MD&A)
June 30, 2017

General Fund

The tables that follow assist in illustrating the financial activities and balances of the General Fund.

Revenues (in thousands)			
	2017	2016	Percentage
	Amount	Amount	Change
Taxes	\$ 45,867	\$ 45,015	1.9%
Use of Money & Property	205	275	-25.5%
State/Federal Sources	6,665	5,896	13.0%
Other	10,579	11,601	-8.8%
	<u>\$ 63,316</u>	<u>\$ 62,787</u>	0.8%

(Note: Totals may not add due to rounding)

The property tax revenue is up 1.9%. Uses of Money and Property earnings are down by 25.5%. State Aid increased by 13%.

Expenses by Object (in thousands)			
	2017	2016	Percentage
	Amount	Amount	Change
Salaries and Wages	\$ 34,271	\$ 33,446	2.47%
Employee Benefits	13,257	13,265	-0.06%
Purchased Services	8,267	7,680	7.64%
Equipment	527	421	25.18%
Supplies	743	809	-8.16%
BOCES	1,883	1,774	6.14%
Debt Service	4,667	3,658	27.58%
Miscellaneous	354	265	33.58%
	<u>\$ 63,969</u>	<u>\$ 61,318</u>	4.32%

The expenditures are up \$0.355 million or 0.58% from the prior year. Note that the decrease in BOCES expenses is an offset of the increase in Purchased Services. Contractual salaries and employee benefits continue to make up a significant portion of the annual expenditure budget representing 76% of the total expenditures.

ARDSLEY UNION FREE SCHOOL DISTRICT
Management's Discuss and Analysis (MD&A)
June 30, 2017

General Fund Budget Information

The District's budget is prepared in accordance with New York State Law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Revenues received were under the final budget by \$0.051 million, which on a budget of this size is essentially flat.

Expenditures were \$3.515 million less than the final budget. Cost savings in general support, instruction, pupil transportation and insurance contributed to a positive variance which enabled the District to offset an increase to the tax certiorari reserve and the reserve for retirement contributions.

The District budget development begins in Mid-October each year. After updating changes in revenue and expenditure assumptions, the operating budget begins at the school and department level. The department budgets are reviewed periodically to ensure management becomes aware of any significant variations during the year.

Capital Assets

At June 30, 2017, the District had \$64.995 million 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 District's capital assets (net of accumulated depreciation) as of June 30, 2017, are as follows:

<u>Asset Description</u>	<u>2017</u>	<u>2016 Restated</u>
Land	\$ 1,179,121	\$ 1,179,121
Buildings and Improvements	47,243,042	48,662,966
Furniture and Equipment	3,756,045	4,363,548
Construction in Progress	12,817,274	11,364,993
	<u>\$ 64,995,482</u>	<u>\$ 65,570,628</u>

(Note: Totals may not add due to rounding)

More detailed information about the District's capital assets is presented in Note 6 to the financial statements.

ARDSLEY UNION FREE SCHOOL DISTRICT
Management's Discuss and Analysis (MD&A)
June 30, 2017

Debt

At June 30, 2017, the School District had \$52.442 million in general obligation and other long-term debt outstanding as follows:

	June 30	
	2017	2016
Bonds Payable	\$ 28,990,000	\$ 32,445,000
Less-Deferral on Refunding	-	-
Installment Purchase Debt	273,645	184,377
Other Post Employment Benefits		
Obligation Payable	23,140,435	19,747,048
Compensated Absences	38,401	29,949
Total	<u>\$ 52,442,481</u>	<u>\$ 52,406,374</u>

More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.

Under current State statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on the total full value of real property. At June 30, 2017, the District's general obligation debt was approximately 4.3% of its total debt limit.

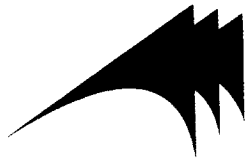
Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its fiscal impact in the future. The District must comply and budget within the Tax Cap freeze, Affordable Health Care regulations and all unfunded mandates established by the New York State Education Department. The District works with the Town of Greenburgh to stay apprised on pending tax certioraris.

Contact the District's Financial Management

It is the intent of this report to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Ardsley Union Free School District
Attn: Mr. Kelly E. Seibert
Assistant Superintendent for Business, Facilities & Operations
500 Farm Road
Ardsley, NY 10502



**Sickler, Torchia
Allen & Churchill, CPA's, PC**
Your Partner When It Counts

Robert J. Allen, CPA
Victor V. Churchill, CPA
Edward J. Gower II, CPA
Craig R. Sickler, CPA
Michael A. Torchia, Jr., CPA, CVA
Joseph J. Montalto, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Ardsley Union Free School District
Ardsley, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Ardsley Union Free School District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement.

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

ARDSLEY UNION FREE SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 government activities, each major fund, and the aggregate remaining fund information of the Ardsley Union Free School District as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, revenues, expenditures – budget and actual, funding progress for other post-employment benefits, local government's proportionate share of net pension liability for New York State Employees' Retirement System, schedule of local government's contributions for the New York State Employees' Retirement System, schedule of local government's proportionate share of net pension liability for New York State Teachers' Retirement System and schedule of local government's contributions for the New York State Teachers' Retirement System as listed in the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ardsley Union Free School District's basic financial statements. The supplemental schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic


ARDSLEY UNION FREE SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Change from Adopted Budget to Final Budget and Section 1318 Real Property Tax Law Limit Calculation, Schedule of Project Expenditures-Capital Projects Fund, and the Schedule of Net Investment in Capital assets, Net Related Debt have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2017, on our consideration of the Ardsley Union Free School District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ardsley Union Free School District's internal control over financial reporting and compliance.


Hudson, New York
October 10, 2017

ARDSLEY UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS

Cash:	
Unrestricted	\$ 9,008,512
Restricted	11,802,810
Investments:	
Unrestricted	-
Restricted	-
Receivables:	
Taxes	-
State and Federal Aid	1,473,564
Due from Other Governments	476,465
Due from Fiduciary Funds	2,016,832
Other	2,688
Inventories	-
Deferred Expenditures	-
Prepaid Expenditure	20,454
Capital Assets, Net	64,995,482
Net Pension Asset-Proportionate Share	-
Total Assets	89,796,807

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows - Pension	15,458,230
Deferred Outflows - Contributions Post Measurement	3,758,362
Defeasance Loss	19,773
Total Deferred Outflows of Resources	19,236,365

LIABILITIES

Payables:	
Accounts Payable	\$ 1,444,249
Accrued Liabilities	208,782
Due to Other Governments	319,684
Due to Fiduciary Funds	-
Bond Interest and Matured Bonds	218,105
Notes Payable:	
Tax Anticipation	-
Revenue Anticipation	-
Bond Anticipation	-
Deferred Credits:	
Overpayments and Collections in Advance	-
Deferred Revenues - Other	-
Deferred Revenues - Planned Balance	-
Long-Term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable	3,787,537
Installment Purchase Debt Payable	72,537
Due to Teachers' Retirement System	3,878,625
Due to Employees' Retirement System	200,185
Compensated Absences Payable	13,056
Other Post Employment Benefits Payable	-
Other Liabilities	-
Due and Payable After One Year:	
Bonds Payable	25,202,463
BANs Refinanced on a Long-Term Basis	-
Installment Purchase Debt Payable	201,108
Due to Teachers' Retirement System	-
Due to Employees' Retirement System	-
Compensated Absences Payable	25,345
Other Post Employment Benefits Payable	23,140,435
Net Pension Liability-Proportionate Share	3,433,654
Other Liabilities	36,440
Total Liabilities	62,182,205

DEFERRED INFLOWS OF RESOURCES

Deferred Revenue - Other	478,380
Deferred Revenue - Pension	45,139
Sales of Future Revenues	-
Total Deferred Inflows of Resources	523,519

NET POSITION

Net Investment in Capital Assets	35,751,610
Restricted	
Debt Service	74,532
Capital	-
Other Legal Restrictions (Specify)	11,730,101
Unrestricted	(1,228,796)
Total Net Position	\$ 46,327,447

See independent auditor's report and notes to the financial statements.

Note: Totals may not add due to rounding.
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ARDSLEY UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Expenses	Indirect Expenses Allocation	Program Revenues Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General Support	\$ 7,095,188	\$ 1,373,298	\$ -	\$ -	\$ 8,468,486
Instruction	36,997,479	17,072,441	(4,064,212)	(899,824)	49,105,884
Pupil Transportation	2,022,412	376,784	-	-	2,399,196
Community Service	494,371	192,149	-	-	686,520
Employee Benefits	17,077,232	(17,077,232)	-	-	-
Debt Service	1,059,199	-	(3,351)	-	1,055,848
Other Expenses	-	-	-	-	-
Cafeteria Program	609,226	30,743	(549,882)	(113,564)	(23,477)
Depreciation	1,968,183	(1,968,183)	-	-	-
Total Functions and Programs	<u>67,323,291</u>	<u>(0)</u>	<u>(4,617,445)</u>	<u>(1,013,388)</u>	<u>61,692,458</u>
GENERAL REVENUES					
Real Property Taxes					45,866,531
Other Tax Items					5,669,153
Non Property Taxes					512,664
Use of Money and Property					204,960
Sale of Property and Compensation for Loss					450
Miscellaneous					292,749
State Sources					7,124,356
Federal Sources					-
Medicaid Reimbursement					36,767
Premium on Issuance of Refunding Net of Cost					-
Total General Revenues					<u>59,707,630</u>
Change in Net Position					<u>(1,984,828)</u>
Total Net Position - Beginning of Year					33,812,365
Prior Period Adjustment - See Note 13					<u>14,499,911</u>
Total Net Position - Beginning of Year, as Restated					<u>48,312,276</u>
Total Net Position - End of Year					<u>\$ 46,327,448</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ARDSLEY UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Debt Service	Capital Projects	Non-Major	Governmental Funds
ASSETS					
Cash:					
Unrestricted	\$ 8,077,357	\$ -	\$ 349,553	\$ 581,602	\$ 9,008,512
Restricted	11,730,101	72,709	-	-	11,802,810
Investments:					
Unrestricted	-	-	-	-	-
Restricted	-	-	-	-	-
Receivables:					
Taxes	-	-	-	-	-
Due from Other Funds	2,846,983	1,823	30,183	43,945	2,922,934
State and Federal Aid	679,164	-	-	794,400	1,473,564
Due from Other Governments	476,465	-	-	-	476,465
Other, Net of Allowance	2,688	-	-	-	2,688
Inventories	-	-	-	-	-
Deferred Expenditures	-	-	-	-	-
Prepaid Expenditures	20,454	-	-	-	20,454
Capital Assets, Net	-	-	-	-	-
Total Assets	<u>\$ 23,833,212</u>	<u>\$ 74,532</u>	<u>\$ 379,736</u>	<u>\$ 1,419,947</u>	<u>\$ 25,707,427</u>
LIABILITIES					
Payables:					
Accounts Payable	\$ 1,287,844	\$ -	\$ 134,357	22,049	\$ 1,444,249
Accrued Liabilities	208,132	-	-	650	208,782
Due to Other Funds	48,710	-	103,023	754,370	906,103
Due to Other Governments	319,566	-	-	118	319,684
Retainage Payable	-	-	-	-	-
Bond Interest and Matured Bonds	-	-	-	-	-
Notes Payable:					
Tax Anticipation	-	-	-	-	-
Revenue Anticipation	-	-	-	-	-
Bond Anticipation	-	-	-	-	-
Unearned Credits:					
Overpayments and Collections in Advance	-	-	-	-	-
Planned Balance	-	-	-	-	-
Long-Term Liabilities:					
Due to Teachers' Retirement System	3,878,625	-	-	-	3,878,625
Due to Employees' Retirement System	200,185	-	-	-	200,185
Compensated Absences Payable	-	-	-	-	-
Other Post Employment Benefits Payable	-	-	-	-	-
Judgments & Claims Payable	-	-	-	-	-
Other Liabilities	32,998	-	-	3,442	36,440
Total Liabilities	<u>5,976,060</u>	<u>-</u>	<u>237,380</u>	<u>780,629</u>	<u>6,994,068</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue	485,022	-	-	38,497	523,519
Sale of Future Revenues	-	-	-	-	-
Total Deferred Inflows of Resources	<u>485,022</u>	<u>-</u>	<u>-</u>	<u>38,497</u>	<u>523,519</u>
FUND BALANCES					
Non-Spendable	20,454	-	-	-	20,454
Restricted	11,730,101	74,532	-	-	11,804,633
Committed	-	-	-	-	-
Assigned	2,921,365	-	142,356	600,822	3,664,543
Unassigned	2,700,211	-	-	-	2,700,211
Total Fund Balances	<u>17,372,131</u>	<u>74,532</u>	<u>142,356</u>	<u>600,822</u>	<u>18,189,841</u>
Total Liabilities and Fund Balances	<u>\$ 23,833,212</u>	<u>\$ 74,532</u>	<u>\$ 379,736</u>	<u>\$ 1,419,947</u>	<u>\$ 25,707,428</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.					\$ 64,995,482
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.					19,773
Long-term liabilities, including bonds payable, compensated absences and post-employment benefits, are not due and payable in the current period and therefore are not reported in the funds.					(48,902,224)
Other					12,024,576
Net Position of Governmental Activities					<u>\$ 46,327,448</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ARDSLEY UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General	Debt Service	Capital Projects	Non-Major	Governmental Funds
REVENUES					
Real Property Taxes	\$ 45,866,531	\$ -	\$ -	\$ -	\$ 45,866,531
Other Tax Items	5,669,153	-	-	-	5,669,153
Nonproperty Taxes	512,664	-	-	-	512,664
Charges for Services	4,064,212	-	-	-	4,064,212
Use of Money and Property	204,960	3,351	-	13	208,324
Sale of Property and Compensation for Loss	450	-	-	-	450
Miscellaneous	292,749	-	-	5,358	298,107
Interfund Revenue	-	-	-	-	-
State Sources	6,664,726	-	459,630	444,197	7,568,552
Medicaid Reimbursement	36,767	-	-	-	36,767
Federal Sources	-	-	-	542,580	542,580
Surplus Food	-	-	-	26,611	26,611
Sales - School Lunch	-	-	-	544,511	544,511
Total Revenues	<u>63,312,212</u>	<u>3,351</u>	<u>459,630</u>	<u>1,563,270</u>	<u>65,338,463</u>
EXPENDITURES					
General Support	7,035,944	-	-	-	7,035,944
Instruction	35,808,323	-	-	1,189,156	36,997,479
Pupil Transportation	1,966,070	-	-	56,342	2,022,412
Community Service	494,371	-	-	-	494,371
Employee Benefits	13,651,333	-	-	-	13,651,333
Debt Service:					
Principal	-	3,594,942	-	-	3,594,942
Interest	-	1,072,166	-	-	1,072,166
Cost of Sales	-	-	-	609,226	609,226
Other Expenditures	-	-	-	-	-
Capital Outlay	-	-	1,452,281	-	1,452,281
Total Expenditures	<u>58,956,041</u>	<u>4,667,108</u>	<u>1,452,281</u>	<u>1,854,724</u>	<u>66,930,156</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,356,170</u>	<u>(4,663,757)</u>	<u>(992,651)</u>	<u>(291,454)</u>	<u>(1,591,693)</u>
OTHER FINANCING SOURCES AND USES					
Proceeds from Bonds	-	-	-	-	-
Premium on Issuance of Refunding Bonds	-	-	-	-	-
Operating Transfers In	8,551	4,667,108	-	354,225	5,029,885
Operating Transfers (Out)	(5,021,334)	-	-	(8,551)	(5,029,885)
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Cost of Refunding Bond Issuance	-	-	-	-	-
Total Other Sources (Uses)	<u>(5,012,783)</u>	<u>4,667,108</u>	<u>-</u>	<u>345,674</u>	<u>(0)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(656,613)</u>	<u>3,351</u>	<u>(992,651)</u>	<u>54,220</u>	<u>(1,591,693)</u>
Fund Balances - Beginning of Year	<u>18,028,741</u>	<u>71,182</u>	<u>1,135,007</u>	<u>546,601</u>	<u>19,781,531</u>
Fund Balances - End of Year	<u>\$ 17,372,128</u>	<u>\$ 74,533</u>	<u>\$ 142,356</u>	<u>\$ 600,821</u>	<u>\$ 18,189,838</u>

Note: Totals may not add due to rounding.

ARDSLEY UNION FREE SCHOOL DISTRICT
RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND
BALANCES TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
JUNE 30, 2017

Total net changes in fund balances - governmental funds \$ (1,591,693)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation Expense	\$ (2,129,207)	
Capital Outlays	1,554,061	
Loss on Disposition	<u>-</u>	(575,146)

In the Statement of Activities, certain operating expenses--compensated absences (vacations), special termination benefits (early retirement) and retirees' health insurance--are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*). (3,401,839)

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (226,698)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 3,594,942

Capitalized prepaid cost paid at bond refinancing amortized annually on entity-wide statements (13,182)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of accrued interest on bonds, leases, and contracts payable. 26,149

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

Teachers' Retirement System	466,870
Employees' Retirement System	<u>(264,232)</u>

Change in net position of governmental activities. \$ (1,984,829)

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ARDSLEY UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash:				
Unrestricted	\$ 9,008,512	\$ -	\$ -	\$ 9,008,512
Restricted	11,802,810	-	-	11,802,810
Investments:				
Unrestricted	-	-	-	-
Restricted	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Due from Other Funds	2,922,934	-	(906,103)	2,016,832
State and Federal Aid	1,473,564	-	-	1,473,564
Due from Other Governments	476,465	-	-	476,465
Other	2,688	-	-	2,688
Inventories	-	-	-	-
Deferred Expenditures	-	-	-	-
Prepaid Expenditures	20,454	-	-	20,454
Capital Assets, Net	-	64,995,482	-	64,995,482
Net Pension Asset - Proportionate Share	-	-	-	-
Total Assets	<u>25,707,427</u>	<u>64,995,482</u>	<u>(906,103)</u>	<u>89,796,807</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow - Pension	-	15,458,230	-	15,458,230
Deferred Outflow - Contribution Post Measurement	-	3,758,362	-	3,758,362
Defeasance Loss	-	19,773	-	19,773
Total Deferred Outflows of Resources	-	<u>19,236,365</u>	-	<u>19,236,365</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 25,707,427</u>	<u>\$ 84,231,847</u>	<u>\$ (906,103)</u>	<u>\$ 109,033,172</u>
LIABILITIES				
Payables:				
Accounts Payable	\$ 1,444,249	\$ -	\$ -	\$ 1,444,249
Accrued Liabilities	208,782	-	-	208,782
Due to Other Funds	906,103	-	(906,103)	-
Due to Other Governments	319,684	-	-	319,684
Bond Interest and Matured Bonds	-	218,105	-	218,105
Notes Payable:				
Tax Anticipation	-	-	-	-
Revenue Anticipation	-	-	-	-
Bond Anticipation	-	-	-	-
Deferred Credits:				
Overpayments and Collections in Advance	-	-	-	-
Planned Balance	-	-	-	-
Long-Term Liabilities:				
Bonds Payable	-	28,990,000	-	28,990,000
Installment Purchase Debt Payable	-	273,645	-	273,645
Due to Teachers' Retirement System	3,878,625	-	-	3,878,625
Due to Employees' Retirement System	200,185	-	-	200,185
Compensated Absences Payable	-	38,401	-	38,401
Other Post Employment Benefits Payable	-	23,140,435	-	23,140,435
Judgments & Claims Payable	-	-	-	-
Net Pension Liability - Proportionate Share	-	3,433,654	-	3,433,654
Other Liabilities	36,440	-	-	36,440
Total Liabilities	<u>6,994,068</u>	<u>56,094,240</u>	<u>(906,103)</u>	<u>62,182,205</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	523,519	-	-	523,519
Sale of Future Revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>523,519</u>	-	-	<u>523,519</u>
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	<u>18,189,840</u>	<u>28,137,607</u>	<u>-</u>	<u>46,327,447</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	<u>\$ 25,707,427</u>	<u>\$ 84,231,847</u>	<u>\$ (906,103)</u>	<u>\$ 109,033,172</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to financial statements.

ARDSLEY UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activities Totals
REVENUES					
Real Property Taxes	\$ 45,866,531	\$ -	\$ -	\$ -	\$ 45,866,531
Other Tax Items	5,669,153	-	-	-	5,669,153
Non-Property Taxes	512,664	-	-	-	512,664
Charges for Services	4,064,212	-	-	-	4,064,212
Use of Money and Property	208,324	-	-	-	208,324
Sale of Property and Compensation for Loss	450	-	-	-	450
Miscellaneous	298,107	-	-	-	298,107
Interfund Revenue	-	-	-	-	-
State Sources	7,568,552	-	-	-	7,568,552
Medicaid Reimbursement	36,767	-	-	-	36,767
Federal Sources	542,580	-	-	-	542,580
Surplus Food	26,611	-	-	-	26,611
Sales - School Lunch	544,511	-	-	-	544,511
Total Revenues	<u>65,338,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,338,463</u>
EXPENDITURES/EXPENSES					
General Support	7,035,944	-	59,244	-	7,095,188
Instruction	36,997,479	-	-	-	36,997,479
Pupil Transportation	2,022,412	-	-	-	2,022,412
Community Service	494,371	-	-	-	494,371
Employee Benefits	13,651,333	3,425,899	-	-	17,077,232
Debt Service	4,667,108	-	-	(3,607,909)	1,059,199
Cost of Sales	609,226	-	-	-	609,226
Other Expenditures/Expenses	-	-	-	-	-
Capital Outlay	1,452,281	-	(1,452,281)	-	-
Depreciation	-	-	1,968,183	-	1,968,183
Total Expenditures/Expenses	<u>66,930,156</u>	<u>3,425,899</u>	<u>575,146</u>	<u>(3,607,909)</u>	<u>67,323,291</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>(1,591,693)</u>	<u>(3,425,899)</u>	<u>(575,146)</u>	<u>3,607,909</u>	<u>(1,984,829)</u>
OTHER SOURCES AND USES					
Proceeds from Refunding Bonds	-	-	-	-	-
Premium on Issuance of Refunding Bonds	-	-	-	-	-
Operating Transfers In	5,029,885	(5,029,885)	-	-	-
Operating Transfers (Out)	(5,029,885)	5,029,885	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Cost of Refunding Bond Issuance	-	-	-	-	-
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change for the Year	<u>\$ (1,591,693)</u>	<u>\$ (3,425,899)</u>	<u>\$ (575,146)</u>	<u>\$ 3,607,909</u>	<u>\$ (1,984,829)</u>

Note: Totals may not add due to rounding.

ARDSLEY UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	Private Purpose Trusts	Agency
	<u>Trusts</u>	<u>Agency</u>
ASSETS		
Cash	\$ 55,143	\$ 2,117,830
Accounts Receivable	-	-
Due from Other Funds	-	809,803
Prepaid Expenditures		
 Total Assets	 <u>\$ 55,143</u>	 <u>\$ 2,927,632</u>
LIABILITIES		
Due to Other Funds	\$ -	\$ 2,826,635
Extraclassroom Activity Balances	-	99,997
Other Liabilities	<u>-</u>	<u>1,000</u>
 Total Liabilities	 <u>-</u>	 <u>\$ 2,927,632</u>
NET POSITION		
Reserved for Scholarships	<u>\$ 55,143</u>	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Private Purpose Trusts
	<u>Trusts</u>
ADDITIONS:	
Contributions	\$ 7,041
Interest	<u>-</u>
Total Additions	<u>7,041</u>
DEDUCTIONS:	
Scholarships and Awards	<u>8,850</u>
 Change in Net Position	 (1,809)
Net Position - Beginning of Year	<u>56,952</u>
Net Position - End of Year	<u>\$ 55,143</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Ardsley Union Free School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

A. Reporting Entity:

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as Amended by GASB Statement 39, *Component Units* and GASB 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14* and No 39 and GASB 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District’s reporting entity.

-- Extraclassroom Activity Funds:

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

See independent auditor’s report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Joint Venture:

The District is a component district in the Southern Westchester County Board of Cooperative Education Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities.

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

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

During the year, the District was billed \$1,912,000 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$485,570.

The basic financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation:

I. District-Wide Statements:

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

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

II. Fund Financial Statements:

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

The District reports the following major governmental funds:

a. General Fund:

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

b. Capital Projects Funds:

Capital Projects Funds are used to account for and report financial resources used for the acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund.

c. Debt Service Fund:

Debt Service Fund is used for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

The District reports the following non-major governmental funds:

a. Special Revenue Funds:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

1. Special Aid Fund – Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.
2. Cafeteria Fund – Cafeteria Fund is used to account for transactions of lunch, breakfast, and milk programs.

b. Fiduciary Funds:

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

1. Private Purpose Trust Funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
2. Agency Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or Extraclassroom activity funds and for payroll or employees' withholding.

D. Measurement Focus and Basis of Accounting:

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 or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 365 days after the end of the fiscal year, including real property taxes.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Cash (and Cash Equivalents) and Investments:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

F. Property Taxes:

Real property taxes are levied annually by the Board of Education no later than September 1st, and become a lien on August 25th. Taxes are collected during the period September 1st to January 31st.

Uncollected real property taxes are subsequently enforced by the Town of Greenburgh in which the District is located. The Town of Greenburgh pays an amount representing uncollected real property taxes transmitted to the Town of Greenburgh for enforcement to the District no later than the following April 1.

G. Accounts Receivable:

An allowance for uncollectible accounts has been provided for certain amounts that may not be collectible within 365 days.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Inventories and Prepaid Items:

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

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

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

I. Interfund Transactions:

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

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

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

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Other Assets/Restricted Assets:

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment, are classified as restricted assets in the District-wide financial statements and their use is limited by applicable bond covenants.

In the District-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

K. Capital Assets:

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building Improvements	\$1,000	Straight-Line	20-50 Years
Machinery and Equipment	\$1,000	Straight-Line	5-20 Years

L. Deferred Outflows and Inflows of Resources:

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

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

M. Vested Employee Benefits:

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

Under the terms of existing collective bargaining agreements, the District is required to compensate retiring employees for unused vacation leave. The District is not required to compensate employees for accumulated sick leave.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

N. Other Benefits:

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

In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with various employment contracts (subject to available health bank). Health insurance in retirement is paid for employees in accordance with their respective bargaining agreement or contract. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year.

Some costs of providing post-retirement benefits are shared between the District and the retired employee. The District recognizes the cost of providing health insurance by

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund in the year paid.

O. Unearned Revenue:

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

P. Restricted Resources:

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

Q. Estimates:

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

R. Short-Term Debt:

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

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

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

S. Accrued Liabilities and Long-Term Obligations:

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

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

T. Equity Classifications:

I. District-Wide Statements:

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

- a. *Investment in Capital Assets, Net of Related Debt* – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.
- b. *Restricted Net Position* – reports net position when constraints placed on the position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

II. Funds Statements:

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

- a. *Non-spendable fund balance* - Includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The General Fund has \$20,454 of prepaid expense at year-end in this classification
- b. *Restricted* – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as indicated below. The District has established the following restricted fund balances:

1. Capital:

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

2. Debt Service:

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement.

ARDSLEY UNION FREE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

3. Employee Benefit Accrued Liability:

According to General Municipal Law §6-p, this fund must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

4. Insurance (*not currently utilized*):

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

5. Liability Claims and Property Loss (*not currently utilized*):

According to Education Law §1709(8)(c), this fund must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000.

6. Repairs (*not currently utilized*):

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

ARDSLEY UNION FREE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

7. Retirement Contributions:

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

8. Tax Certiorari:

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

9. Unemployment Insurance:

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

10. Workers' Compensation (*not currently utilized*):

According to General Municipal Law §6-j, this fund must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

11. Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances for specific purposes for which resources have been restricted, committed or assigned do not result in separate display of the encumbered amounts within those classifications/funds.

Restricted fund balance includes the following:

General Fund:	
Capital Reserve	\$ 500,000
Tax Certiorari	6,656,987
Employee Benefit Accrued Liability	1,840,970
Unemployment Insurance	250,000
Retirement Contribution	2,482,144
Debt Service Fund	
Debt Service	<u>74,532</u>
Total Restricted Funds	<u>\$ 11,804,633</u>

- c. *Committed* – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2017.
- d. *Assigned* – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances are classified as Assigned Fund Balance in the General Fund and Cafeteria Fund. Encumbrances reported in the General Fund amounted to \$279,082 and Cafeteria Fund amounted to \$78,490. Additionally, \$2,642,283 is appropriated to the 2016-2017 budget as Assigned Fund Balance.
- e. *Unassigned* – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

III. Order of Use of Fund Balance:

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

U. New Accounting Standards:

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2017, the District implemented the following new standards issued by GASB:

-- GASB has issued Statement 78 – *Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plans*, effective for reporting periods beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of No. 68, *Accounting and Financial Reporting for Pensions*.

-- GASB has issued Statement No. 80 - *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, effective for reporting periods beginning after June 30, 2016. This Statement amends the blending requirements established in Paragraph 53 of GASB Statement No. 14, *The Financial Reporting Entity*, as amended.

-- The GASB has issued Statement No. 82, *Pension Issues*, effective for reporting periods beginning after June 15, 2016, with certain exceptions. This Statement is an amendment of GASB Statements No. 67, No. 68, and No. 73, finalizes Exposure Draft (ED) No. 34E, and seeks to improve consistency in the application of financial reporting requirements to certain pension issues.

A. Future Changes in Accounting Standards:

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, effective for reporting periods beginning after June 15, 2017. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Statement No. 74, *Financial Reporting for Postemployment*

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ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Benefit Plans Other Than Pension Plans, established new accounting and financial reporting requirements for other post-employment benefits (OPEB) plans.

GASB has issued Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for reporting periods beginning after December 15, 2016. This Statement supersedes Question 7.72.11 of Implementation Guide No. 2015-1. In addition, this Statement amends Paragraph 13 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*; Paragraph 5 of Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*; Paragraphs 16, 18, 22, 92, and 107 of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; and Paragraph 24 of Statement No. 67, *Financial Reporting for Pension Plans*.

The GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for reporting periods beginning after June 15, 2018.

The GASB has issued Statement No. 84, *Fiduciary Activities*, which finalizes Exposure Draft No. 3-13E of the same name, and establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, with earlier application encouraged.

The GASB has issued Statement No. 85, *Omnibus 2017*, which seeks to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, with earlier application encouraged.

The GASB has issued Statement No. 86, *Certain Debt Extinguishment Issues*, which finalizes Exposure Draft (ED) No. 19-25E of the same name, and seeks to (1) improve consistency in accounting and financial reporting for certain debt extinguishments and (2) enhance the decision-usefulness of such information. The requirements of Statement No. 86 are effective for reporting periods beginning after June 15, 2017, with earlier application encouraged.

The GASB has issued Statement No. 87, *Leases*, which finalizes Exposure Draft (ED) No. 3-24E of the same name, and establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, with earlier application encouraged.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS:

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

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

See the Reconciliation on Pages 19 and 22 of the financial statement.

- The costs of building and acquiring capital assets (lands, buildings, and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives. See *Note 6 – Capital Assets* in these notes to the financial statements for information on the net capital assets of \$64,995,482

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

Bonds and Notes Payable	\$ 28,990,000
Installment Purchase Debt	273,645
Other Post Employment Benefits Payable	23,140,435
Compensated Absences	<u>38,401</u>
	<u>\$ 52,442,481</u>

Accrued interest on long-term debt is reported in the Statement of Net Position, regardless of when due. In the Governmental Funds, interest is not reported until it is due.

Bond and Installment Purchase Interest Payable	<u>\$ 218,105</u>
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Costs related to the issuance of bonds are capitalized and amortized in the district-wide statements.

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED):

Pension Differences:

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

Deferred Outflows - TRS	\$ 15,462,228
Deferred Outflows - ERS	1,087,139
Deferred Outflows - Contributions	3,758,362
Deferred Inflows - TRS	(864,109)
Deferred Inflows - ERS	(227,027)
Pension Liability - TRS	(1,938,635)
Pension Liability - ERS	<u>(1,495,019)</u>
	<u>\$ 15,782,939</u>

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

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories:

I. Long-Term Revenue/Expense Differences:

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

II. Capital Related Differences:

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

III. Long-Term Debt Transaction Differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED):

interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position. These reconciliations can be found on Pages 21 and 23 of the financial statements.

IV. Pension Differences:

Pension Differences are noted in Note 2.A.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. Budgetary Procedures and Budgetary Accounting:

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

-- General Fund

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists, which was not determined at the time the budget was adopted.

Supplemental appropriations occurred during the year and are detailed below:

CHANGED FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 66,343,702
Prior Year's Encumbrances	<u>417,741</u>
Original Budget	<u>66,761,443</u>
 Budget Revisions	
Tax Certiorari	951,715
Donations	<u>58,689</u>
	<u>1,010,404</u>
 Final Budget	<u>\$ 67,771,847</u>

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

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

Special Revenue Funds have not been included in the comparison because they do not have legally authorized (appropriated) budgets.

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

B. Encumbrances:

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

NOTE 4 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS:

Cash:

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

As of June 30, 2017, \$-0- of the District's bank balance of \$24,060,956 was exposed to custodial credit risk as follows:

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ -

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end include \$11,802,810 within the governmental funds and \$-0- in the fiduciary funds.

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 5 – INVESTMENTS:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. At year end, the District held \$25,164 in investments consisting of various investments in securities issued by the United States and its agencies. The investments are highly liquid, and considered to be cash equivalents. The following amounts are included as unrestricted cash:

<u>Fund</u>	<u>Amount</u>
General:	
Unrestricted	<u>\$ 25,164</u>

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateralization requirements.

NOTE 6 – CAPITAL ASSETS:

Capital assets balances and activity for the year ended June 30, 2017, were as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That are Not Depreciated:				
Land	\$ 1,179,121	\$ -	\$ -	\$ 1,179,121
Construction in Progress	<u>11,364,993</u>	<u>1,452,281</u>	<u>-</u>	<u>12,817,274</u>
Total Non Depreciable Historical Cost	<u>\$ 12,544,114</u>	<u>\$ 1,452,281</u>	<u>\$ -</u>	<u>\$ 13,996,395</u>
Capital Assets That are Depreciated:				
Buildings and Improvements	\$ 68,283,422	\$ -	\$ -	\$ 68,283,422
Furniture and Equipment, Restated	<u>14,772,992</u>	<u>101,780</u>	<u>(161,024)</u>	<u>14,713,748</u>
Total Depreciable Historical Cost	<u>83,056,414</u>	<u>101,780</u>	<u>(161,024)</u>	<u>82,997,170</u>
Less Accumulated Depreciation				
Building and Improvements	19,620,456	1,419,924	-	21,040,380
Furniture and Equipment, Restated	<u>10,409,444</u>	<u>709,283</u>	<u>(161,024)</u>	<u>10,957,703</u>
Total Accumulated Depreciation	<u>30,029,900</u>	<u>2,129,207</u>	<u>(161,024)</u>	<u>31,998,083</u>
Total Depreciable Historical Cost, Net	<u>\$ 53,026,514</u>	<u>\$ (2,027,427)</u>	<u>\$ -</u>	<u>\$ 50,999,087</u>

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 6 – CAPITAL ASSETS (CONTINUED):

Depreciation Expense was charged to governmental functions as follows:

General Support	\$ 443,977
Instruction	1,575,336
Cost of Food Sales	30,743
Transportation	79,151
	<u>\$ 2,129,207</u>

NOTE 7 - LONG-TERM DEBT:

Interest on long-term debt for the year was composed of:

Interest Paid	\$ 1,072,166
Accrued Interest, June 30, 2015	(244,254)
Accrued Interest, June 30, 2016	218,105
Amortization of Prepaid Refinancing Costs	13,182
	<u>\$ 1,059,199</u>

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

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2017
Tax Certiorari Settlements	2006-11	2018-05	4.00%	\$ 190,000
School Renovations (Refunding)	2008-05	2018-06	3.5-5.0%	495,000
School Renovations (Refunding)	2008-05	2018-08	3.25-5.0%	1,040,000
Tax Certiorari Settlements	2009-08	2024-08	3.0-4.0%	2,625,000
Tax Certiorari Settlements	2010-09	2024-09	3.250%	1,448,781
School Renovations	2010-09	2024-09	3.250%	201,219
School Renovations (Refunding)	2013-11	2024-01	2.0-3.0%	6,835,000
School Renovations (Refunding)	2015-06	2024-06	3.0-5.0%	4,215,000
School Renovations	2015-08	2030-08	2.0-3.0%	11,940,000
				<u>\$ 28,990,000</u>

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 7 – LONG-TERM DEBT (CONTINUED):

The following is a summary of long-term indebtedness:

	Bonds	Interest	Total
2018	\$ 3,715,000	\$ 822,819	\$ 4,537,819
2019	3,125,000	703,844	3,828,844
2020	2,680,000	624,382	3,304,382
2021	2,600,000	552,172	3,152,172
2022	2,670,000	477,199	3,147,199
2023-2027	10,355,000	1,172,750	11,527,750
2028-2032	3,845,000	226,569	4,071,569
	<u>\$ 28,990,000</u>	<u>\$ 4,579,735</u>	<u>\$ 33,569,735</u>

-- Debt Limit:

At June 30, 2017, the total outstanding indebtedness represented approximately 4.3% of the District's debt limit.

The District, as lessee, leases equipment under various operating leases. Total monthly payments for these leases are \$7,745. The leases expire at various times through 2021. Minimum annual rentals for each of the remaining years of the leases are:

Fiscal year ended June 30,	
2018	92,935
2019	92,931
2020	92,935
2021	52,576
Totals	<u>\$ 331,377</u>

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 7 – LONG-TERM DEBT (CONTINUED):

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government Activities:					
Bonds and Notes Payable:					
General Obligation Debt:					
Serial Bonds-Tax Certiorari	\$ 4,886,220	\$ -	\$ 622,439	\$ 4,263,781	\$ 641,829
Serial Bonds-Construction	27,558,780	-	2,832,561	24,726,219	3,073,171
Total Bonds Payable	<u>32,445,000</u>	<u>-</u>	<u>3,455,000</u>	<u>28,990,000</u>	<u>3,715,000</u>
Other Liabilities:					
Installment Purchase Debt	184,377	226,698	137,430	273,645	72,537
Compensated Absences	29,949	8,452	-	38,401	1,920
Other Post Employment Benefits	19,747,048	3,393,387	-	23,140,435	-
Total Other Liabilities	<u>19,961,374</u>	<u>3,628,537</u>	<u>137,430</u>	<u>23,452,481</u>	<u>74,457</u>
Total Long-Term Liabilities	<u>\$ 52,406,374</u>	<u>\$ 3,628,537</u>	<u>\$ 3,592,430</u>	<u>\$ 52,442,481</u>	<u>\$ 3,789,457</u>

NOTE 8 – INTERFUND BALANCES AND ACTIVITY:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 2,846,983	\$ 48,710	\$ 8,551	\$ 5,021,333
Debt Service	1,823	-	4,667,108	-
Capital Projects Fund	30,183	103,023	-	-
Non-Major	43,945	754,370	354,225	8,551
Total Government Activities	2,922,934	906,103	5,029,884	5,029,884
Fiduciary Agency Fund	809,803	2,826,634	-	-
Totals	<u>\$ 3,732,737</u>	<u>\$ 3,732,737</u>	<u>\$ 5,029,884</u>	<u>\$ 5,029,884</u>

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

In the normal course of its operations, the District budgets for and transfers monies between funds for these budgeted purposes. From the General Fund these represent transferring the District's 20% share of the Special Aid Fund's Summer Handicapped Program and transfers to the Capital Fund for voter authorized capital items such as construction and bus purchases.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 8 – INTERFUND BALANCES AND ACTIVITY (CONTINUED):

Additional loans will occur between funds to mitigate the effects of cash flow, such as in the Special Aid Fund where-in project advances generally do not keep pace with costs and the General Fund has to “loan” cash dollars to run the programs. In the case of the Capital Fund, loans will occur in advance of obtaining the final funding through bond proceeds. In addition, in the case of the Capital Fund, interest earned on borrowed funds becomes payable to the Debt Service Fund for all future reduction of debt service payments. In the case of the Agency Fund, most if not all, fringe benefits are advanced from the General Fund and result in the need to reflect a due from both the Special Aid Fund and the Cafeteria Fund for the applicable payroll.

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

NOTE 9 – PENSION PLANS:

A. General Information:

The District participates in the New York State Employees’ Retirement System (NYSERS) and the New York State Teachers’ Retirement System (NYSTRS). These are cost-sharing, multiple-employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

B. Plan Descriptions and Benefits Provided:

I. Teacher’s Retirement System (TRS):

The District participates in the New York State Teachers’ Retirement System (TRS). This is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers’ Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System’s website at www.nystrs.org.

See independent auditor’s report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 9 – PENSION PLANS (CONTINUED):

II. Employees' Retirement System (ERS):

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

The Systems are noncontributory except for employees who joined after July 26, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

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

	ERS	TRS
2016-2017	703,756	3,703,628
2015-2016	849,157	4,792,969
2014-2015	784,609	4,613,940

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

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 9 – PENSION PLANS (CONTINUED):

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2017, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2017 for ERS and June 30, 2016 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net position asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Actuarial Valuation Date	4/1/2016	6/30/2015
Net Pension Asset/(Liability)	\$ (1,495,019)	\$ (1,938,635)
District's Portion of the Plan's Total		
Net Pension Asset/(Liability)	0.0159108%	0.181005%

For the year ended June 30, 2017, the District's recognized pension expense (credit) of \$936,858 for ERS and \$3,184,343 for TRS. At June 30, 2017, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 37,464	\$ -	\$ 227,027	\$ 629,777
Changes of Assumptions	510,753	11,043,698	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	298,616	4,359,070	-	-
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	240,306	59,459	-	234,332
District's Contributions Subsequent to the Measurement Date	200,185	3,558,177	-	-
Total	<u>\$ 1,287,324</u>	<u>\$ 19,020,404</u>	<u>\$ 227,027</u>	<u>\$ 864,109</u>

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 9 – PENSION PLANS (CONTINUED):

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

	ERS	TRS
Year Ended:		
2018	\$ 363,454	\$ 1,326,018
2019	363,454	1,326,018
2020	314,344	4,711,393
2021	(181,141)	3,658,104
2022	-	1,665,616
Thereafter	-	1,910,970
	<u>\$ 860,111</u>	<u>\$ 14,598,119</u>

D. Actuarial Assumptions:

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2017	June 30, 2016
Actuarial Valuation Date	April 1, 2016	June 30, 2015
Interest Rate	7.00%	7.50%
Salary Scale	3.80%	4.72%-1.90%
Decrement Tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation Rate	2.50%	2.50%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP 2014.

For ERS, 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. For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 9 – PENSION PLANS (CONTINUED):

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

Measurement Date	ERS	ERS	TRS	TRS
	March 31, 2017	March 31, 2017	June 30, 2016	June 30, 2016
	Target	Long Term	Target	Long Term
	Allocation	Expected Real	Allocation	Expected Real
		Rate of Return		Rate of Return
Asset Type				
Domestic Equity	36%	4.55%	37%	6.10%
International Equity	14%	6.35%	18%	7.30%
Private Equity	10%	7.75%	7%	9.20%
Real Estate	10%	5.80%	10%	5.40%
Alternative Investments	5%	4.0-5.89%	0%	0.00%
Total Equities	75%		72%	
Domestic Fixed Income Securities	0%	0.00%	17%	1.00%
Global Fixed Income Securities	0%	0.00%	2%	0.80%
Real Assets	3%	5.54%	0%	0.00%
Bonds and Mortgages	17%	1.31%	8%	3.10%
Short-Term	1%	-0.25%	0%	0.10%
Inflation-Indexed Bonds	4%	1.50%	1%	0.00%
Total Fixed Income	25%		28%	
Total	100%		100%	

E. Discount Rate:

The discount rate used to calculate the total pension liability was 7.0% for ERS and 8.0% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 9 – PENSION PLANS (CONTINUED):

F. Sensitivity of the Proportionate Share of the Net Position to the Discount Rate Assumption:

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and 7.5% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (6.0% of ERS and 7.0% for TRS) or 1-percentage point higher (8.0% for ERS and 8.5% for TRS) than the current rate:

	ERS		
	Current		
	1% Decrease (6.0%)	Assumption (7.0%)	1% Increase (8.0%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	<u>\$ (4,774,794)</u>	<u>\$ (1,495,019)</u>	<u>\$ 1,278,025</u>
	TRS		
	Current		
	1% Decrease (6.5%)	Assumption (7.5%)	1% Increase (8.5%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	<u>\$(25,293,898)</u>	<u>\$ (1,938,635)</u>	<u>\$ 17,650,535</u>

G. Pension Plan Fiduciary Net Position:

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

	(Dollars in Thousands)		
	ERS	TRS	Total
Valuation Date	4/1/2016	6/30/2015	
Employers' Total Pension Liability	\$ 177,400,586	\$ 108,577,184	\$ 285,977,770
Plan Net Position	168,004,363	107,506,142	275,510,505
Employers' Net Pension Asset/(Liability)	<u>\$ (9,396,223)</u>	<u>\$ (1,071,042)</u>	<u>\$ (10,467,265)</u>
Ratio of Plan Net Position to the Employers' Total Pension Asset/(Liability)	94.70%	99.01%	96.34%

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 9 – PENSION PLANS (CONTINUED):

H. Payables to the Pension Plan:

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 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 employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$200,189.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2017 through a state aid intercept. 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 employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$3,878,625.

NOTE 10 – POST-EMPLOMENT (HEALTH INSURANCE) BENEFITS:

The District implemented GASB *Statement 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* prospectively, in the school year ended June 30, 2013. This required the District to calculate and record a net other post-employment benefit obligation at year end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contributions and the actual contributions made.

A. Plan Description:

The District provides post-employment health insurance (life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2017, the District recognized \$1,049,714 for its share of insurance premiums for 137 currently enrolled retirees.

B. Funding Policy:

The contribution requirements of Plan members and the District are established by the Board of Education. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as may be determined annually by the Board. For fiscal year 2017, the District contributed \$1,049,714 to the plan, representing 100% of the current premiums.

ARDSLEY UNION FREE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

C. Annual OPEB Cost and Net OPEB Obligation:

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

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to HP:

Annual Required Contribution	\$ 4,576,465
Interest on Net OPEB Obligation	888,617
Adjustment to Annual Required Contribution	<u>(1,212,302)</u>
Annual OPEB Cost (Expense)	4,252,780
Contribution Made	<u>859,393</u>
Increase in Net OPEB Obligation	3,393,387
Net OPEB Obligation, Beginning of Year	<u>19,747,048</u>
Net OPEB Obligation, End of Year	<u><u>\$ 23,140,435</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Fiscal Year Ended	Percentage of Annual OPEB		
	Annual OPEB Cost	Cost Contributed	Net OPEB Obligation
6/30/2015	<u>\$ 4,964,884</u>	13%	<u>\$ 15,375,869</u>
6/30/2016	<u>\$ 5,084,194</u>	14%	<u>\$ 19,747,048</u>
6/30/2017	<u>\$ 4,252,780</u>	20%	<u>\$ 23,140,435</u>

As of July 1, 2016, the most recent actuarial roll forward valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$44,124,609 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$44,124,609. Municipalities in New York State are not presently permitted to fund this entity-wide liability. The covered payroll (annual payroll of active employees covered by the plan) was \$29,399,228, and the ratio of the UAAL to the covered payroll was 150%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

See independent auditor's report.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

D. Actuarial Methods and Assumptions:

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

In the July 1, 2016, actuarial valuation, the Projected Unit Credit method was used. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6% initially, reduced by decrements to an ultimate rate of 4% after 5 years. Both rates included a 3.75% inflation assumption. The actuarial value of assets was not determined as the plan is not currently funded. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2016, was 23 years.

NOTE 11 – RISK MANAGEMENT:

The 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.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 11 – RISK MANAGEMENT (CONTINUED):

The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an “assessable” insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The District purchases various insurance coverages from the Company to reduce its exposure to loss. The District maintains a general liability insurance policy with coverage up to \$1 million. The District maintains liability coverage for school board members up to \$1 million. The District also maintains an excess catastrophe liability policy with coverage up to \$20 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District and neighboring school districts in Southern Westchester County participate in the State-Wide Schools Cooperative Health Plan. This Plan operates under an agreement, as amended, dated December 12, 1985. The purposes of the Plan are to effect cost savings in members’ expenses for health coverage; to provide for centralized administration, funding and disbursements for health coverage; and to provide for such risk management services as may be appropriate to reduce future expense and liability for health coverage. The governance of the Plan shall be in all respects in the hands of the Board of Trustees. The Board of Trustees shall consist of seven trustees elected by the general membership of the Plan. No action may be taken by the Board of Trustees except by a vote of a majority of the total number of trustees. Billings to participants are based upon coverage provided to each participant’s employees. The District has transferred all related risk to the Plan.

The District and neighboring school districts in Southern Westchester County, participate in the South Westchester 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 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 District has transferred all related risk to the Plan. Financial statements for the Plan are available from the administrator at 17 Berkley Drive; Rye Brook, New York 10573.

ARDSLEY UNION FREE SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

NOTE 12 – CONTINGENT LIABILITIES:

A. Litigation:

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the 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.

B. Other:

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

NOTE 13 – RESTATEMENT OF NET POSITION:

During the June 30, 2017 year, the District had an appraisal done. This resulted in a change in the opening balance of Capital Net Assets, Net of Deprecation. The net change was \$14,499,911 bring opening Capital Net Assets, Net of Deprecation to \$65,570,628.

	District-Wide <u>Statements</u>	Governmental Fund <u>Statements</u>
The unassigned fund balance in the Governmental Funds and Net Position in the District-wide statements were restated at June 30, 2017 to reflect the following:		
Certain expenses related to work in process, as a result of gaps in fixed asset management. The change primarily was the result of increase in the net fixed assets. As a result, the opening Net Position increased and is restated in the District-wide statement. There is no impact to unassigned fund balance in the Governmental Fund Statements.	\$ 14,499,911	\$ -
Total	<u>\$ 14,499,911</u>	<u>\$ -</u>

See independent auditor's report.

SUPPLEMENTARY INFORMATION

ARDSLEY UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) BASIS AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local Sources:				
Real Property Taxes	\$ 51,533,827	\$ 51,533,827	\$ 45,866,531	\$ (5,667,296)
Other Tax Items	425,000	425,000	6,181,817	5,756,817
Charges for Services	4,167,484	4,167,484	4,064,212	(103,272)
Use of Money and Property	115,000	115,000	204,960	89,960
Sale of Property and Compensation for Loss	-	-	450	450
Miscellaneous	255,000	313,689	292,749	(20,941)
Interfund Revenues	-	-	-	-
Total Local Sources	56,496,311	56,555,000	56,610,719	55,718
State Sources	6,816,476	6,816,476	6,664,726	(151,750)
Federal Sources	-	-	36,767	36,767
Retirement System Credits	-	-	-	-
Total Revenues	63,312,787	63,371,476	63,312,212	(59,265)
OTHER FINANCING SOURCES				
Transfers from Other Funds	-	-	8,551	8,551
Appropriated Reserves	-	951,715	-	(951,715)
Designated Fund Balance and Encumbrances				
Carried Forward From Prior Year	3,030,916	3,448,657	-	(3,448,657)
Total Revenues and Other Financing Sources	\$ 66,343,703	\$ 67,771,848	\$ 63,320,763	\$ (4,451,086)

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ARDSLEY UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) BASIS AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
EXPENDITURES					
General Support:					
Board of Education	\$ 68,078	\$ 79,211	\$ 68,358	\$ -	\$ 10,852
Central Administration	350,054	359,584	357,034	41	2,509
Finance	938,313	942,631	803,481	26,653	112,498
Staff	395,808	393,908	268,768	4,923	120,218
Central Services	3,267,789	3,952,516	3,560,629	181,031	210,857
Special Items	959,065	2,108,428	1,977,674	-	130,753
Total General Support	5,979,108	7,836,278	7,035,944	212,648	587,686
Instruction:					
Instruction, Administration and Improvement	2,058,438	2,070,155	1,990,239	20,841	59,075
Teaching - Regular School	19,418,930	19,053,592	18,561,862	8,301	483,430
Programs for Students with Disabilities	10,166,084	10,308,913	9,617,445	3,348	688,120
Occupational Education	-	-	-	-	-
Teaching - Special School	-	-	-	-	-
Instructional Media	1,751,212	1,804,762	1,652,020	11,789	140,953
Pupil Services	4,055,645	4,120,378	3,986,757	22,155	111,466
Total Instruction	37,450,308	37,357,801	35,808,323	66,434	1,483,044
Pupil Services	2,505,504	2,419,417	1,966,070	-	453,347
Community Services	601,613	591,765	494,371	-	97,394
Employee Benefits	15,007,636	14,506,598	13,651,333	-	855,265
Debt Service:					
Principal	-	-	-	-	-
Interest	60,000	38,215	-	-	38,215
Total Debt Service	60,000	38,215	-	-	38,215
Total Expenditures	61,604,170	62,750,075	58,956,041	279,082	3,514,951
OTHER FINANCING USES					
Operating Transfers Out	4,739,533	5,021,773	5,021,333	-	440
Total Expenditures and Other Uses	\$ 66,343,703	\$ 67,771,848	63,977,375	\$ 279,082	\$ 3,515,391
Net Change in Fund Balances			(656,612)		
Fund Balance - Beginning			18,028,741		
Fund Balance - Ending			\$ 17,372,129		

See independent auditor's report and notes to the financial statements.

ARDSLEY UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2012	\$ -	\$ 38,286,982	\$ 38,286,982	0.00%	\$ 26,784,768	143%
July 1, 2014	\$ -	\$ 46,335,782	\$ 46,335,782	0.00%	\$ 27,118,773	171%
July 1, 2016	\$ -	\$ 44,124,609	\$ 44,124,609	0.00%	\$ 29,399,228	150%

Note: Totals may not add due to rounding.

** Actuary Supplies data for full valuations only*

See independent auditor's report and notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2017

LAST 10 FISCAL YEARS*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
The District's Proportion of the Net Pension Liability (Asset)	0.0159108%	0.0153540%	0.0147324%							
The District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,495,019	\$ 2,464,361	\$ 497,698							
The District's Covered-Employee Payroll	\$ 4,896,216	\$ 4,816,229	\$ 4,638,808							
The District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	30.53%	51.17%	10.73%							
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.70%	90.68%	97.95%							

* The amounts presented for each fiscal year were determined as of 3/31

ARDSLEY UNION FREE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S CONTRIBUTIONS
FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2017

LAST 10 FISCAL YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	\$ 703,756	\$ 849,157	\$ 828,108							
Contributions in Relation to the Contractually Required Contribution	\$ 703,756	\$ 849,157	\$ 828,108							
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -							
The District's Covered-Employee Payroll	\$ 4,896,216	\$ 4,816,229	\$ 4,638,808							
Contributions as a Percentage of a Covered- Employee Payroll	14%	18%	18%							

ARDSLEY UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2017

LAST 10 FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
The District's Proportion of the Net Pension Liability (Asset)	0.181005%	0.182018%	0.173915%							
The District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,938,635	\$ (18,905,835)	\$(19,373,063)							
The District's Covered-Employee Payroll	\$ 29,399,893	\$ 28,580,679	\$ 27,826,331							
The District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	7%	-66%	-70%							
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.01%	110.46%	111.48%							

* The amounts presented for each fiscal year were determined as of 6/30

ARDSLEY UNION FREE SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S CONTRIBUTIONS
FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2017

	LAST 10 FISCAL YEARS									
	(DOLLAR AMOUNTS IN THOUSANDS)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Contribution	\$ 3,703,628	\$ 4,792,969	\$ 4,174,621							
Contributions in Relation to the Contractually Required Contribution	\$ 3,703,628	\$ 4,792,969	\$ 4,174,621							
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -							
The District's Covered-Employee Payroll	\$ 29,399,893	\$ 28,580,679	\$ 27,826,331							
Contributions as a Percentage of a Covered- Employee Payroll	12.60%	16.77%	15.00%							

ARDSLEY UNION FREE SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE YEAR ENDED JUNE 30, 2017

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 66,343,703
Add: Prior Year's Encumbrances	<u>417,741</u>
Original Budget	66,761,444
Budget Revisions:	
Board Resolutions to Accept Donations to the District	58,689
Expenditures from Reserve Funds:	
Tax Certiorari	<u>951,715</u>
Final Budget	<u>\$ 67,771,848</u>
Next Year's Budget is a (Voter-Approved) Budget of	<u>\$ 67,505,261</u>

SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION

2016-2017 Expenditure Budget Maximum Allowed	<u>\$ 67,505,261</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted Fund Balance:	
Committed Fund Balance	\$ -
Assigned Fund Balance	2,921,365
Unassigned Fund Balance	<u>2,700,211</u>
Total Unrestricted Fund Balance	<u>5,621,576</u>
Less:	
Appropriated Fund Balance	2,642,283
Insurance Recovery Reserve	-
Tax Reduction Reserve	-
Encumbrances Included in Committed and Assigned Fund Balance	<u>279,082</u>
Total Adjustments	<u>2,921,365</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 2,700,211</u>
Actual Percentage	4%

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ARDSLEY UNION FREE SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2017

PROJECT TITLE	Expenditures				Unexpended Balance	Methods of Financing		Fund Balance June 30, 2017			
	Original Budget	Revised Budget	Prior Years	Current Year		Total	Proceeds of Obligation		State Aid	Local Sources	Total
Major Capital Projects:											
Concord Road Reconstruction	\$ 2,913,731	\$ 2,924,096	\$ 2,560,009	\$ 307,092	\$ 2,867,101	\$ 56,995	\$ 2,924,096	\$ -	\$ -	\$ 2,924,096	\$ 56,995
Concord Road Fuel Tank	303,163	291,558	269,272	22,286	291,558	-	291,558	-	-	291,558	-
High School Reconstruction	3,670,592	3,715,755	3,295,168	337,500	3,632,668	83,087	3,715,755	-	-	3,715,755	83,087
AHS Fuel Tank Conversion	203,575	178,858	169,811	9,047	178,858	-	178,858	-	-	178,858	-
Middle School Reconstruction	1,060,222	5,389,733	5,070,733	267,409	5,338,142	51,591	5,389,733	-	-	5,389,733	51,591
Smart Schools Act	-	511,650	-	508,947	508,947	2,703	-	459,630	-	459,630	(49,317)
	8,151,283	13,011,650	11,364,993	1,452,281	12,817,274	194,376	12,500,000	459,630	-	12,959,630	142,356
Totals	\$ 8,151,283	\$ 13,011,650	\$ 11,364,993	\$ 1,452,281	\$ 12,817,274	\$ 194,376	\$ 12,500,000	\$ 459,630	\$ -	\$ 12,959,630	\$ 142,356

Note: Totals may not add due to rounding.

ARDSLEY UNION FREE SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Aid	Cafeteria	Total Non-Major
ASSETS			
Cash:			
Unrestricted	\$ 500	\$ 581,102	\$ 581,602
Restricted	-	-	-
Investments:			
Unrestricted	-	-	-
Restricted	-	-	-
Receivables:			
Taxes	-	-	-
Due from Other Funds	-	43,945	43,945
State and Federal Aid	776,981	17,419	794,400
Due from Other Governments	-	-	-
Other	-	-	-
Inventories	-	-	-
Deferred Expenditures	-	-	-
Capital Assets, Net	-	-	-
Total Assets	<u>\$ 777,481</u>	<u>\$ 642,466</u>	<u>\$ 1,419,947</u>
LIABILITIES			
Payables:			
Accounts Payable	\$ 20,044	\$ 2,005	\$ 22,049
Accrued Liabilities	650	-	650
Due to Other Funds	753,345	1,025	754,370
Due to Other Governments	-	118	118
Retainage Payable	-	-	-
Bond Interest and Matured bonds	-	-	-
Notes Payable:			
Tax Anticipation	-	-	-
Revenue Anticipation	-	-	-
Bond Anticipation	-	-	-
Deferred Credits:			
Overpayments and Collections in Advance	-	-	-
Deferred Revenues	-	38,497	38,497
Planned Balance	-	-	-
Long-Term Liabilities:			
Due to Teachers' Retirement System	-	-	-
Due to Employees' Retirement System	-	-	-
Compensated Absences Payable	-	-	-
Other Post Employment Benefits Payable	-	-	-
Judgments & Claims Payable	-	-	-
Other Liabilities	3,442	-	3,442
Total Liabilities	<u>777,481</u>	<u>41,645</u>	<u>819,126</u>
FUND BALANCES			
Non Spendable	-	-	-
Reserved (Specify)	-	-	-
Committed	-	-	-
Assigned	-	600,822	600,822
Unassigned	-	-	-
Total Fund Balances	<u>-</u>	<u>600,822</u>	<u>600,822</u>
Total Liabilities and Fund Balances	<u>\$ 777,481</u>	<u>\$ 642,466</u>	<u>\$ 1,419,947</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ARDSLEY UNION FREE SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUND 30, 2017

	Special Aid	Cafeteria	Total Non-Major
REVENUES			
Real Property Taxes	\$ -	\$ -	\$ -
Other Tax Items	-	-	-
Nonproperty Taxes	-	-	-
Charges for Services	-	-	-
Use of Money and Property	-	13	13
Sale of Property and			
Compensation for Loss	-	-	-
Miscellaneous	-	5,358	5,358
Interfund Revenue	-	-	-
State Sources	437,301	6,896	444,197
Medicaid Reimbursement	-	-	-
Federal Sources	462,523	80,057	542,580
Surplus Food	-	26,611	26,611
Sales - School Lunch	-	544,511	544,511
Total Revenues	<u>899,824</u>	<u>663,446</u>	<u>1,563,270</u>
EXPENDITURES			
General Support	-	-	-
Instruction	1,189,156	-	1,189,156
Pupil Transportation	56,342	-	56,342
Community Service	-	-	-
Employee Benefits	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Cost of Sales	-	609,226	609,226
Other Expenditures	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>1,245,498</u>	<u>609,226</u>	<u>1,854,724</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(345,674)</u>	<u>54,220</u>	<u>(291,454)</u>
OTHER FINANCING SOURCES AND USES			
Proceeds from Debt	-	-	-
Operating Transfers In	354,225	-	354,225
Operating Transfers (Out)	(8,551)	-	(8,551)
Rounding	-	-	-
Total Other Sources (Uses)	<u>345,674</u>	<u>-</u>	<u>345,674</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	54,220	54,220
Fund Balances - Beginning of Year, Restated	-	546,601	546,601
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ 600,821</u>	<u>\$ 600,821</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

ARDSLEY UNION FREE SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2017

Capital Assets, Net		\$ 64,995,482
Add:		
Unamortized Bond Issuance Costs	\$ 19,773	
Total Additions		19,773
Deduct:		
Short-Term Portion of Bonds Payable	3,715,000	
Long-Term Portion of Bonds Payable	25,275,000	
Short-Term Portion of Installment Purchase Debt	72,537	
Long-Term Portion of Installment Purchase Debt	201,108	
Unamortized Bond Issuance Premium Received at Closing	<u>-</u>	
Total Deductions		<u>(29,263,645)</u>
Investment in Capital Assets, Net of Related Debt		<u>\$ 35,751,610</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.



Sickler, Torchia
Allen & Churchill, CPA's, PC
Your Partner When It Counts

Robert J. Allen, CPA
Victor V. Churchill, CPA
Edward J. Gower II, CPA
Craig R. Sickler, CPA
Michael A. Torchia, Jr., CPA, CVA

Joseph J. Montalto, CPA

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

To the Board of Education
Ardsley Union Free School District
Ardsley, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ardsley Union Free School District (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2017.

Internal Control Over Financial Reporting:

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

ARDSLEY UNION FREE SCHOOL DISTRICT

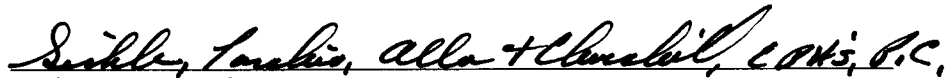
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(CONTINUED)

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the 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:

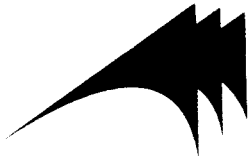
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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


Hudson, New York
October 10, 2017

ARDSLEY UNION FREE SCHOOL DISTRICT

MANAGEMENT LETTER

JUNE 30, 2017



Sickler, Torchia
Allen & Churchill, CPA's, PC
Your Partner When It Counts

Robert J. Allen, CPA
Victor V. Churchill, CPA
Edward J. Gower II, CPA
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Joseph J. Montalto, CPA

October 10, 2017

Ardsley Union Free School District
Ardsley, New York

In planning and performing our audit of the basic financial statements of Ardsley Union Free School District (the "District") for the year ended June 30, 2017, 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, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ardsley Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the District's internal control in our report dated October 10, 2017. This letter does not affect our report dated October 10, 2017, on the basic financial statements of Ardsley Union Free School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.


Hudson, New York

MEMORANDUM

PRIOR YEAR MEMORANDUM ITEMS

School Lunch Fund:

During the June 30, 2012 through 2015 audits, it was noted the School Lunch Fund had greater than three months' worth of average operating expenditures in its fund balance. The fund balance has grown each year during this period.

June 30, 2016 Status:

During the current year audit, it was noted the school lunch fund has \$546,601, which is greater than three months' worth of average operating expenditures. The District should formalize a multiyear plan to utilize these funds for the benefit of the program. Accordingly, we will continue to monitor this area.

June 30, 2017 Status:

During the current year audit, it was noted the school lunch fund has \$600,821, which is greater than three months' worth of average operating expenditures. The District should formalize a multiyear plan to utilize these funds for the benefit of the program. Accordingly, we will continue to monitor this area.

Extraclassroom Activity Funds:

Annually the District has clubs on the books which showed no financial activity. Clubs are not necessarily inactive even though there are no funds in their account. The District recognizes that regulations require that funds of a discontinued activity revert to the account of the general student organization.

June 30, 2016 Status:

During the current year audit, it was noted that 17 funds showed no activity. The District should recognize each year all active clubs even if they don't have financial activity. This can be accomplished by supplying a list at least annually to the Board of Education. Accordingly, we will continue to monitor this area.

June 30, 2017 Status:

During the current year audit, it was noted that 19 funds showed no activity. The District should recognize each year all active clubs even if they don't have financial activity. This can be accomplished by supplying a list at least annually to the Board of Education. Accordingly, we will continue to monitor this area.

MEMORANDUM

PRIOR YEAR MEMORANDUM ITEMS (CONTINUED)

Extraclassroom Activity Funds:

A new cash management system was implemented in the 2011-2012 school year for the Middle School activities fund. This system did not require prenumbered receipts.

June 30, 2016 Status:

During the current year audit, it was noted that prenumbered receipts were not available for testing. Prenumbering of receipts is a basic control and is utilized at the High School. It is advisable to consistently apply controls throughout the District. Accordingly, we will continue to monitor this area.

June 30, 2017 Status:

During the current year audit, it was noted that prenumbered receipts were not available for testing. Prenumbering of receipts is a basic control and is utilized at the High School. These were noted during preliminary tested and discussed with administration. When examined again during concluding fieldwork no exceptions were noted. It is advisable to consistently apply controls throughout the District. Accordingly, we will continue to monitor this area.

Extraclassroom Activity Funds:

During the 2014 year audit, we noted thirteen deposit forms and four expense forms that were not fully completed. The incomplete forms were missing various signatures.

We recommend the District go over the extraclassroom fund policies and work to strengthen the overall controls over the funds.

June 30, 2016 Status:

During our current year audit, we found twelve deposit forms and two expense forms that were not fully completed. All of the testing exceptions related to signature on forms; all of the student treasurers and three of the faculty advisors (school store). All findings occurred in the Middle School Clubs. Additionally, one of the tested deposits in the Middle School Clubs was recorded in the cash receipt book for \$5 less than the actual check. Accordingly, we will continue to monitor this area.

June 30, 2017 Status:

During our current year audit, we found nine deposit forms were not fully completed. All of the testing exceptions related to signature on forms. All findings occurred in the Middle School Clubs. These were noted during preliminary tested and discussed with administration. When examined again during concluding fieldwork no exceptions were noted. Accordingly, we will continue to monitor this area.

CURRENT YEAR MEMORANDUM ITEMS

None Noted