

**Blind Brook-Rye Union Free  
School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2015



## Blind Brook-Rye Union Free School District, New York

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## **Independent Auditors' Report**

**The Board of Education of the  
Blind Brook-Rye Union Free School District, New York**

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

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

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

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

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

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

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

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

### ***Opinions***

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

**O'CONNOR DAVIES, LLP**

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

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

### ***Other Matters***

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2015 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



**O'Connor Davies, LLP**

Harrison, New York

September 2, 2015



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

**Independent Auditors' Report**

**The Board of Education of the  
Blind Brook-Rye Union Free School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Blind Brook-Rye Union Free School District, New York ("School District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 2, 2015.

**Internal Control Over Financial Reporting**

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

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

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

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## **Compliance and Other Matters**

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

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "O'Connor Davies, LLP". The signature is written in a cursive, flowing style.

**O'Connor Davies, LLP**

Harrison, New York

September 2, 2015



**Blind Brook-Rye Union Free School District  
Rye Brook, New York**

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

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This discussion and analysis of the Blind Brook-Rye Union Free School District, New York's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2015. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the School District's financial performance.

**Financial Highlights for FY 2014-2015**

Key financial highlights for fiscal year 2014-2015 are as follows:

- The amount of unassigned fund balance that can be retained by the General Fund is limited to no more than 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,705,436, or 4.0%, and therefore within the statutory limit.
- As of the close of the current fiscal year, the School District's governmental fund financial statements report a combined ending fund balance of \$8,345,017. Within these statements, an increase in the total restricted fund balance of \$3,290,712 and a decrease in the total assigned fund balance of \$303,146, were the primary factors driving the overall net increase of \$3,121,326 in the total fund balance from the prior year. Due to this net increase, the School District was able to maintain resources in the restricted component of fund balance for tax certiorari claims and compensated absences. It did see its retirement contributions restriction increase by \$275,260, as this amount will help fund future retirement obligations. The General Fund's unassigned fund balance of \$1,705,436 represents about 37% of the fund's total. Also noteworthy about the fund balance is that it includes an amount restricted for debt service of \$324,062, which may be used to help offset future debt service obligations, and a Capital Projects Fund fund balance of \$3,295,429, an amount available to help finance a current construction project at the BMP Ridge Street School and district-wide Energy Performance Contract improvements. Exclusive of the restricted Debt Service and Capital Projects funds, the combined ending fund balances are \$4,725,526.
- Of special note is the fact that the School District was able to budget \$1,700,000 as an appropriated surplus contribution to reduce the tax levy associated with the 2014-2015 budget and \$1,365,000 for the same purpose with the 2015-2016 budget. Favorable School District financial operations have permitted these management actions in recent years.
- On the district-wide financial statements, the assets and deferred outflows of resources of the School District exceeded liabilities and deferred inflows of resources at the close of its most recent fiscal year by \$13,428,719. The School District's total net position increased by \$6,232,625 (inclusive of an adjustment to the opening net position of \$3,478,034) for the year ended June 30, 2015. The district-wide financial statements must report certain items in accordance with the pronouncements of the Governmental Accounting Standards Board ("GASB"). The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. One of the most significant of these standards requires the School District to recognize the financial impact associated with other postemployment benefit ("OPEB") obligations under the provisions of GASB Statement No. 45. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. GASB Statement No. 45 established standards for accrual based measurement and recognition of OPEB expenses over periods that approximate employees' years of active service, as well as the required note disclosures. For the year ending June 30, 2015, the School District's OPEB obligations of \$14,218,842 are reflected as a liability on the district-wide Statement of Net Position and impacts the total net position calculation. More

detailed information about the School District's OPEB obligations reported in accordance with the provisions of GASB Statement No. 45 is presented in note 3, D in the notes to financial statements.

- Also noteworthy on the district-wide financial statements for the year ended June 30, 2015, is the implementation of the provisions of GASB Statement No. 68 for the first time. This pronouncement established new accounting and financial reporting requirements associated with the School District's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS"). Under the new standards, cost-sharing employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At June 30, 2015, the School District reported in its Statement of Net Position a liability of \$389,326 for its proportionate share of the ERS net pension liability, while also reporting a pension asset of \$13,901,646 for its proportionate share of the TRS net pension asset. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in note 3, D in the notes to financial statements.
- During the current fiscal year, the School District did not issue any new bonded indebtedness for construction. The School District did issue \$10,085,000 in refunding serial bonds to advance refund \$11,685,000 of outstanding 2005 serial bonds. This resulted in the School District being able to reduce its debt service obligations by approximately \$1.8 million over the next ten years. The School District also entered into a \$3,070,767 Energy Performance Contract to install energy savings equipment and upgrade existing facilities to enhance performance by reducing energy consumption.

### **Overview of the Financial Statements**

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

#### *District-Wide Financial Statements*

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

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

### *Fund Financial Statements*

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The School District maintains seven individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund, Capital Projects Fund and Permanent Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid and the Capital Projects funds, which are considered to be major funds. Data for the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.
- The School District adopts an annual budget for its General and Special Aid funds. A budgetary comparison statement has been provided for these funds within the basic financial statements to demonstrate compliance with the respective budgets.
- The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are not available to support the School District's programs.

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

### *Notes to Financial Statements*

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

### *Other Information*

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the School District's other postemployment and pension benefit obligations, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

## District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. This MD&A includes a summary of two district-wide statements that focus on operations of the School District as a whole. These statements measure inputs and outflows using an economic resources measurement focus, and use the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

In the case of the School District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,428,719 for the year ending June 30, 2015.

### Net Position

|                                  | June 30,             |                     |
|----------------------------------|----------------------|---------------------|
|                                  | 2015                 | 2014                |
| Current Assets                   | \$ 26,326,859        | \$ 9,255,175        |
| Capital Assets, net              | 33,029,411           | 34,039,474          |
| <b>Total Assets</b>              | <b>59,356,270</b>    | <b>43,294,649</b>   |
| Deferred Outflows of Resources   | 3,724,249            | 128,717             |
| Current Liabilities              | 4,268,886            | 4,217,688           |
| Long-Term Liabilities            | 35,838,168           | 32,009,584          |
| <b>Total Liabilities</b>         | <b>40,107,054</b>    | <b>36,227,272</b>   |
| Deferred Inflows of Resources    | 9,544,791            | -                   |
| <b>Net Position</b>              |                      |                     |
| Net Investment in Capital Assets | 16,029,218           | 15,385,646          |
| Restricted for                   |                      |                     |
| Capital Projects                 | 239,501              | 273,127             |
| Debt Service                     | 324,062              | 319,728             |
| Tax Certiorari                   | 491,827              | 490,086             |
| Retirement Contributions         | 287,982              | 12,722              |
| School Lunch                     | 83,706               | 83,346              |
| Special Purposes                 | 81,056               | 63,207              |
| Permanent Fund                   | 3,047                | 3,046               |
| Unrestricted                     | (4,111,680)          | (9,434,814)         |
| <b>Total Net Position</b>        | <b>\$ 13,428,719</b> | <b>\$ 7,196,094</b> |

The largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending.

Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Those assets subject to external

restrictions constitute 11% of net position. There is a negative balance of unrestricted net position, which is \$4,111,680, primarily a result of the recognition of the OPEB liabilities. Overall, net position increased by \$6,232,625 from the prior year, primarily from the recording of the net pension asset of TRS.

### Changes in Net Position

|   | June 30,      |              |
|---|---------------|--------------|
|   | 2015          | 2014         |
| <b>REVENUES</b>                                     |               |              |
| Program Revenues                                    |               |              |
| Charges for Services                                | \$ 1,427,606  | \$ 1,354,815 |
| Operating Grants and Contributions                  | 716,229       | 584,354      |
| Capital Grants and Contributions                    | 4,334         | 2,312        |
| Total Program Revenues                              | 2,148,169     | 1,941,481    |
| General Revenues                                    |               |              |
| Real Property Taxes                                 | 33,417,566    | 32,706,511   |
| Other Tax Items                                     | 3,332,316     | 3,434,944    |
| Non-Property Taxes                                  | 330,291       | 336,806      |
| Unrestricted Use of Money and Property              | 33,778        | 37,388       |
| Forfeitures   | 4,984         | 240          |
| Unrestricted State Aid                              | 2,493,278     | 2,340,230    |
| Miscellaneous                                       | 291,095       | 109,586      |
| Total General Revenues                              | 39,903,308    | 38,965,705   |
| Total Revenues                                      | 42,051,477    | 40,907,186   |
| <b>PROGRAM EXPENSES</b>                             |               |              |
| General Support                                     | 4,304,970     | 4,768,766    |
| Instruction   | 32,426,760    | 36,120,963   |
| Pupil Transportation                                | 1,348,198     | 1,335,643    |
| Cost of Food Sales                                  | 614,942       | 581,968      |
| Interest  | 602,016       | 769,716      |
| Total Expenses                                      | 39,296,886    | 43,577,056   |
| Change in Net Position                              | 2,754,591     | (2,669,870)  |
| <b>NET POSITION</b>                                 |               |              |
| Beginning, as reported                              | 7,196,094     | 9,865,964    |
| Cumulative Effect of Change in Accounting Principle | 3,478,034     | -            |
| Beginning, as restated                              | 10,674,128    | 9,865,964    |
| Ending  | \$ 13,428,719 | \$ 7,196,094 |

As seen above, governmental activities increased the School District's net position by \$6,232,625 (inclusive of the cumulative effect of a change in accounting principle) during the current fiscal year. Noteworthy is the impact of the requirements of GASB Statement No. 45 that requires recognition of OPEB expenses and the new provisions of GASB No. 68 that require the recognition of pension expenses. Other changes in these activities are described below:

#### *Revenues*

- Real property taxes increased by \$711,055. Although this was a result of a higher tax levy in the 2014-2015 fiscal year, it is noteworthy that it was under the maximum allowable tax levy limit associated with the NYS Real Property Tax Cap Legislation.
- Other tax items include reimbursements received for the 15<sup>th</sup> full year of implementation of the School Tax Relief Reimbursement Program ("STAR") and payments in lieu of taxes ("PILOT"). PILOT revenues increased slightly as a result of existing contractual agreements and STAR payments to the School District decreased slightly from the prior year as a result of the continuation of the 2% cap on STAR savings.
- Charges for services increased by \$72,791, primarily as a result of the implementation of the School District's Pinnacle School Partnership Program.
- The School District continues to experience low earnings on investments as a result of remarkably low rates being paid by banks. It received only \$33,778 in unrestricted interest earnings in 2014-2015, \$3,610 less than it received in the prior year.
- Non-property taxes decreased by \$6,515 from the prior year reflecting a slight decrease in sales tax revenue received by the School District from Westchester County in 2014-2015.
- Unrestricted State Aid allocated to the School District increased by \$153,048 from prior year amounts as a result of changes to the final Legislative enacted budget. Overall, the School District received slightly more than \$2.493 million in unrestricted State aid during this fiscal year.

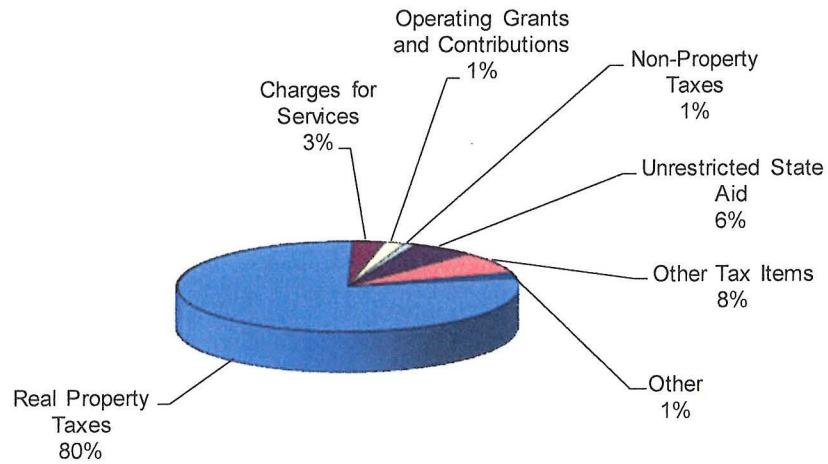
#### *Expenses*

- General Support expenses decreased by \$463,796. This decrease was a result of lower central services charges within the operation and maintenance of plant function of the School District. This decrease was primarily driven by lower electrical service and energy costs. Additionally, long-range maintenance costs decreased after the completion of the alarm system set up in the prior year.
- Instruction program expenses decreased by \$3,694,203 or 10.23% from the prior year. This decrease was primarily due to the increase in the School District's proportionate share of the TRS pension assets compared to the prior fiscal year end.
- Pupil transportation costs increased slightly by \$12,555 in spite of transporting scores of resident students to private and special education schools located outside the School District's borders. This was accomplished by efficient routing and bidding of these out-of-district routes.
- The decrease in interest paid on outstanding debt was anticipated as a result of the savings gleaned from refinancing the 2005 serial bonds. Overall, debt service costs decreased by \$167,700 in 2014-2015.

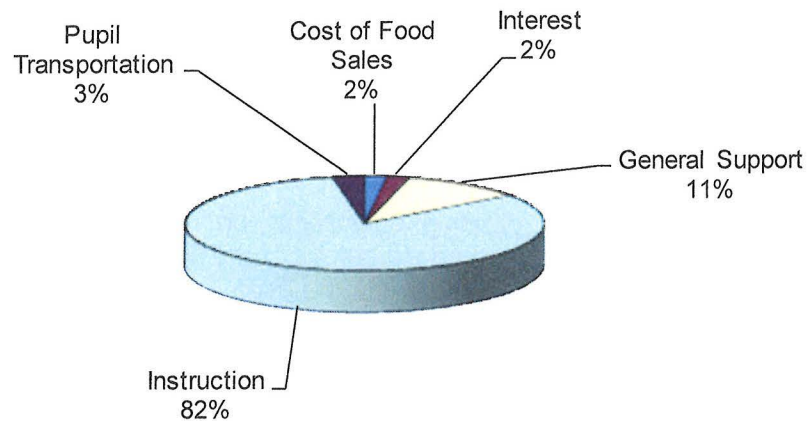
As indicated on the charts located on the following page, the School District relies upon real property taxes as its primary revenue source. The School District's instruction costs account for 82% of its expenses.



## Sources of Revenue for Fiscal Year 2015 Governmental Activities



## Expenses for Fiscal Year 2015 Governmental Activities



## **Fund Balance Reporting**

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements beginning with the period ending June 30, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

*Note: According to the Office of the State Comptroller, school districts in New York will not have committed fund balance to report.*

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. According to GASB, this pronouncement should result in an improvement in the usefulness of fund balance information.

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

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

### *Governmental Funds*

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

fund balance which has not yet been limited to use for a particular purpose by either an external party, the School District itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the Board of Education.

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of \$8,345,017, an increase of \$3,121,326, or 59.8% from the prior year. An increase in the total fund balance of the Capital Projects Fund of \$3,022,302 (from the issuance of the Energy Performance Contract debt) was a primary factor driving the overall increase in combined total fund balances from the prior year. It is important to reiterate that in spite of the overall increase, the unassigned fund balance of the General Fund was \$1,705,436 or 4.0% of the 2015-2016 School District's budget.

### **General Fund Budgetary Highlights**

The General Fund is the primary operating fund of the School District. The adopted budget for fiscal year 2014-2015 of \$42,267,793 was increased by \$69,228 as a result of the rollover of prior year encumbrances and the appropriation of fund balance. As is typical during the fiscal year, appropriation transfers within the budget were made to address the operational needs of the School District. The final adjusted budget for the fiscal year ending June 30, 2015 was \$42,337,021.

Revenues exceeded the amount contained in the budget by \$318,521, and savings of \$1,482,047 were derived on the expenditure side of the budget, thus creating an operating surplus \$1,800,568 at June 30, 2015. The expenditure savings occurred as a result of favorable salary breakage across most functional areas, lower than expected employee benefits costs, and other savings realized by curtailing discretionary spending in all functional areas.

At the end of the current fiscal year, the total fund balance of the General Fund was \$4,557,717, of which \$1,705,436 was unassigned, representing 4.0% of the ensuing year's budget. As previously mentioned, New York State Law limits the amount of unassigned fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount assigned for the subsequent year's budget.

The table on the following page outlines the various balances that comprise the total fund balance as of June 30, 2015 according to their GASB Statement No. 54 classifications along with what the former classifications would have been. More detailed information about the School District's fund balance is presented in note 3, G. in the notes to financial statements.

### Total Fund Balance Classifications

| GASB Statement No. 54<br>Classification | Previous Classifications                                | Fund Balance        |
|---|---|---------------------|
| Nonspendable Fund Balance               | Reserved for Prepaid Expenditures                       | \$ 342,380          |
|   | Reserved for Inventories (School Lunch Fund)            | 2,765               |
|   | Reserved for Trust (Permanent Fund)                     | <u>2,920</u>        |
|   |   | <u>348,065</u>      |
| Restricted Fund Balance                 | Reserved for Tax Certiorari                             | 491,827             |
|   | Reserved for Employee Benefit Accrued Liability         | 319,952             |
|   | Reserved for Retirement Contributions                   | 287,982             |
|   | Reserved for Debt Service (Debt Service Fund)           | 324,062             |
|   | Capital Projects Fund Balance                           | 3,295,429           |
|   | Reserved for Trusts (Special Purpose Fund)              | 81,056              |
|   | Permanent Fund Unreserved Fund Balance                  | <u>127</u>          |
|   |   | <u>4,800,435</u>    |
| Assigned Fund Balance                   | Reserved for Encumbrances – General Government Support  | 40,393              |
|   | Reserved for Encumbrances - Instruction                 | 4,747               |
|   | School Lunch Fund Unreserved Fund Balance               | 80,941              |
|   | Appropriated Fund Balance - Unreserved and undesignated | <u>1,365,000</u>    |
|   |   | <u>1,491,081</u>    |
| Unassigned Fund Balance                 | Unreserved and Undesignated - General Fund              | <u>1,705,436</u>    |
| Total Fund Balance (as of 6/30/15)      |   | <u>\$ 8,345,017</u> |

### Capital Assets

At June 30, 2015, the School District had capital assets of \$33,029,411, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings and improvements and machinery and equipment. The change in capital assets, net of accumulated depreciation, is delineated below and provides comparative balances from the prior year.

| Class   | June 30,             |                      |
|---|----------------------|----------------------|
|   | 2015                 | 2014                 |
| Land  | \$ 1,034,253         | \$ 985,788           |
| Buildings and Improvements                            | 31,752,649           | 32,824,309           |
| Machinery and Equipment                               | <u>242,509</u>       | <u>229,377</u>       |
| Total Capital Assets, net of accumulated depreciation | <u>\$ 33,029,411</u> | <u>\$ 34,039,474</u> |

The change in capital assets during the current fiscal year results from the net depreciation expense recorded in 2014-2015. The net depreciation expense exceeded the 2014-2015 capital outlay for new capital assets by \$1,010,063.

More detailed information about the School District's capital assets is presented in note 3, B. in the notes to financial statements.

### Long-Term Debt

The School District had general obligation and other long-term debt outstanding as follows:

|                              | June 30,      |               |
|------------------------------|---------------|---------------|
|                              | 2015          | 2014          |
| Bonds Payable                | \$ 17,154,804 | \$ 18,782,545 |
| Energy Performance           |               |               |
| Contract Payable             | 3,070,767     | -             |
| Compensated Absences         | 344,429       | 377,558       |
| Net Pension Liability        | 389,326       | -             |
| Retirement Incentive Payable | 660,000       | 550,000       |
| Other Post Employment        |               |               |
| Benefit Obligations          | 14,218,842    | 12,299,481    |
| Total                        | \$ 35,838,168 | \$ 32,009,584 |

During the 2014-2015 fiscal year, the School District issued \$10,085,000 in refunding serial bonds with interest rates ranging from 2.0% to 5.0%, depending on maturity. The proceeds were used to advance refund \$11,685,000 of the 2005 District-Wide Improvements serial bonds bearing interest at rates ranging from 4.25% to 4.5%. As of June 30, 2015, all of the defeased bonds were called and as such no amounts are outstanding.

The School District advance refunded the 2005 District-Wide Improvements serial bond to reduce its total debt service payments over 10 years by \$1,825,889 and to obtain a net present value economic gain of \$1,647,458.

At June 30, 2015, the School District reported a liability of \$389,326 for its proportionate share of the net pension liability of ERS. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The School District, in January 2015, entered into a \$3,070,767 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. Utility savings from this modernization will equal or exceed the lease payment terms.

More detailed information about the School District's long-term liabilities is presented in note 3, D. in the notes to financial statements.

### Conclusion

The School District is financially sound; it maintains a credit rating of Aa2. In spite of the uncertain economic times, rising personnel costs, additional State Education Department mandates, and particularly ambitious educational goals, the School District is prepared to meet future challenges. It has

positioned the educational, financial, and human resources necessary to remain a stable and strong entity ready to serve the school-aged children of the Blind Brook community with an educational plan that provides academic rigor and high standards for all.

Effective internal controls are in place in its business office as is a prudent budget process, which yields a spending plan each year that is approved by the School Board and resident voters. The School District's total fund balance within its General Fund was \$4,557,717 for the year ended June 30, 2015. The School District has an unassigned fund balance in the General Fund of \$1,705,436, or 4.0% of the 2015-2016 budget. It has an additional \$1,410,140 in its assigned fund balances, of which \$1,365,000 has been appropriated to the 2015-2016 budget, and it has a restricted fund balance of \$1,099,761.

The School District heavily depends on its real property taxes, which represent approximately 80% of its revenue, exclusive of STAR funds. Although there are many unfunded mandates imposed on it, the School District requested a tax rate increase that is below Blind Brook's allowable tax levy increase for the 2014-2015 fiscal year. At the same time, the School District's share of State Aid is expected to be only slightly more than in the prior year. The challenge of presenting a fiscally responsible budget while meeting the needs of children will continue to require effective and efficient management of School District operations now and in future years. This is especially true considering the property tax cap law, enacted in Chapter 97 of the Laws of 2011, and extended by Chapter 20 of the Laws of 2015, which restricts tax levy increases for New York State local governments including public school districts.

This School District and Board monitor its fiscal health through analyses of monthly financial reports and the utilization of various audits. These analyses and audits assist in identifying areas of potential financial stress, developing realistic budgets that serve the academic and emotional needs of students, as well as, in making timely decisions when faced with important financial decisions. There are four types of auditors that assist in the School District setting: claims auditor, internal auditor, external auditor, and State auditors. Each has a very important role in ensuring that the School District is financially solvent and that the School Board upholds its fiduciary responsibilities to its community. They each inform that the School District's financial operations are performing in accordance with state laws and/or existing School Board policies and administrative regulations.

The audited financial statements that follow capture relevant data thus, validating the overall financial position of the School District for the year ending June 30, 2015.

### **Requests for Information**

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

Blind Brook-Rye Union Free School District  
Attention: Jonathan Ross, Ed.D.  
Interim Superintendent of Schools  
390 North Ridge Street  
Rye Brook, New York 10573

Visit our Website at [www.blindbrook.org](http://www.blindbrook.org)



**Blind Brook - Rye Union Free School District, New York**Statement of Net Position  
June 30, 2015

|                                       | Governmental<br>Activities |
|---------------------------------------|----------------------------|
| <b>ASSETS</b>                         |                            |
| Cash and equivalents                  | \$ 8,466,166               |
| Restricted cash                       | 3,058,319                  |
| Receivables                           |                            |
| Accounts                              | 98                         |
| State and Federal aid                 | 471,918                    |
| Due from other governments            | 83,567                     |
| Inventories                           | 2,765                      |
| Prepaid expenses                      | 342,380                    |
| Net pension asset                     | 13,901,646                 |
| Capital assets                        |                            |
| Not being depreciated                 | 1,034,253                  |
| Being depreciated, net                | 31,995,158                 |
| Total Assets                          | 59,356,270                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> | 3,724,294                  |
| <b>LIABILITIES</b>                    |                            |
| Accounts payable                      | 351,906                    |
| Accrued liabilities                   | 64,723                     |
| Unearned revenues                     | 44,626                     |
| Due to other governments              | 7,448                      |
| Due to retirement systems             | 3,611,493                  |
| Accrued interest payable              | 188,690                    |
| Non-current liabilities               |                            |
| Due within one year                   | 1,817,154                  |
| Due in more than one year             | 34,021,014                 |
| Total Liabilities                     | 40,107,054                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  | 9,544,791                  |
| <b>NET POSITION</b>                   |                            |
| Net investment in capital assets      | 16,029,218                 |
| Restricted                            |                            |
| Capital projects                      | 239,501                    |
| Debt service                          | 324,062                    |
| Tax certiorari                        | 491,827                    |
| Retirement contributions              | 287,982                    |
| School lunch                          | 83,706                     |
| Special purposes                      | 81,056                     |
| Permanent Fund                        | 3,047                      |
| Unrestricted                          | (4,111,680)                |
| Total Net Position                    | \$ 13,428,719              |

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

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# Blind Brook - Rye Union Free School District, New York

Statement of Activities  
Year Ended June 30, 2015

| Functions/Programs:                                 | Expenses             | Program Revenues        |  |  | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|---|----------------------|-------------------------|--|--|--|
|   |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |  |
| Governmental activities                             |                      |                         |  |  |  |
| General support                                     | \$ 4,304,970         | \$ 199,226              | \$ 1,741                                 | \$ -                                   | \$ (4,104,003)   |
| Instruction   | 32,426,760           | 634,202                 | 674,845                                  | -                                      | (31,117,713)   |
| Pupil transportation                                | 1,348,198            | 25,132                  | -  | -                                      | (1,323,066)  |
| Cost of food sales                                  | 614,942              | 569,046                 | 39,643                                   | -                                      | (6,253)  |
| Interest  | 602,016              | -                       | -  | 4,334                                  | (597,682)  |
| Total Governmental<br>Activities                    | <u>\$ 39,296,886</u> | <u>\$ 1,427,606</u>     | <u>\$ 716,229</u>                        | <u>\$ 4,334</u>                        | <u>(37,148,717)</u>  |
| General revenues                                    |                      |                         |  |  |  |
| Real property taxes                                 |                      |                         |  |  | 33,417,566   |
| Other tax items                                     |                      |                         |  |  |  |
| School tax relief reimbursement                     |                      |                         |  |  | 2,371,224  |
| Payments in lieu of taxes                           |                      |                         |  |  | 961,092  |
| Non-property taxes                                  |                      |                         |  |  |  |
| Non-property tax distribution from County           |                      |                         |  |  | 330,291  |
| Unrestricted use of money and property              |                      |                         |  |  | 33,778   |
| Sale of property and compensation for loss          |                      |                         |  |  | 4,984  |
| Unrestricted State aid                              |                      |                         |  |  | 2,493,278  |
| Miscellaneous                                       |                      |                         |  |  | <u>291,095</u>   |
| Total General Revenues                              |                      |                         |  |  | <u>39,903,308</u>  |
| Change in Net Position                              |                      |                         |  |  | <u>2,754,591</u>   |
| Net Position - Beginning, as reported               |                      |                         |  |  | 7,196,094  |
| Cumulative Effect of Change in Accounting Principle |                      |                         |  |  | <u>3,478,034</u>   |
| Net Position - Beginning, as restated               |                      |                         |  |  | <u>10,674,128</u>  |
| Net Position - Ending                               |                      |                         |  |  | <u>\$ 13,428,719</u>                                       |

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

**Blind Brook - Rye Union Free School District, New York**

Balance Sheet  
 Governmental Funds  
 June 30, 2015

|  | General             | Special<br>Aid    | Capital<br>Projects |
|--|---------------------|-------------------|---------------------|
| <b>ASSETS</b>                          |                     |                   |                     |
| Cash and equivalents                   | \$ 7,636,544        | \$ 32,288         | \$ 243,442          |
| Restricted cash                        | -                   | -                 | 3,058,319           |
| Receivables                            |                     |                   |                     |
| Accounts                               | -                   | -                 | -                   |
| State and Federal aid                  | 202,714             | 267,159           | -                   |
| Due from other governments             | 83,567              | -                 | -                   |
| Due from other funds                   | 291,110             | -                 | -                   |
| Inventories                            | -                   | -                 | -                   |
| Prepaid expenditures                   | 342,380             | -                 | -                   |
| Total Assets                           | <u>\$ 8,556,315</u> | <u>\$ 299,447</u> | <u>\$ 3,301,761</u> |
| <b>LIABILITIES AND FUND BALANCES</b>   |                     |                   |                     |
| Liabilities                            |                     |                   |                     |
| Accounts payable                       | \$ 294,880          | \$ 26,181         | \$ -                |
| Accrued liabilities                    | 64,723              | -                 | -                   |
| Unearned revenues                      | -                   | 2,776             | -                   |
| Due to other funds                     | 20,054              | 270,490           | 6,332               |
| Due to other governments               | 7,448               | -                 | -                   |
| Due to retirement systems              | 3,611,493           | -                 | -                   |
| Total Liabilities                      | <u>3,998,598</u>    | <u>299,447</u>    | <u>6,332</u>        |
| Fund balances                          |                     |                   |                     |
| Nonspendable                           | 342,380             | -                 | -                   |
| Restricted                             | 1,099,761           | -                 | 3,295,429           |
| Assigned                               | 1,410,140           | -                 | -                   |
| Unassigned                             | 1,705,436           | -                 | -                   |
| Total Fund Balances                    | <u>4,557,717</u>    | <u>-</u>          | <u>3,295,429</u>    |
| Total Liabilities and<br>Fund Balances | <u>\$ 8,556,315</u> | <u>\$ 299,447</u> | <u>\$ 3,301,761</u> |

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

| Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------|--------------------------------|
| \$ 553,892                         | \$ 8,466,166                   |
| -                                  | 3,058,319                      |
| 98                                 | 98                             |
| 2,045                              | 471,918                        |
| -                                  | 83,567                         |
| 39,033                             | 330,143                        |
| 2,765                              | 2,765                          |
| -                                  | 342,380                        |
| <u>\$ 597,833</u>                  | <u>\$ 12,755,356</u>           |

|                |                  |
|----------------|------------------|
| \$ 30,845      | \$ 351,906       |
| -              | 64,723           |
| 41,850         | 44,626           |
| 33,267         | 330,143          |
| -              | 7,448            |
| -              | 3,611,493        |
| <u>105,962</u> | <u>4,410,339</u> |

|                   |                      |
|-------------------|----------------------|
| 5,685             | 348,065              |
| 405,245           | 4,800,435            |
| 80,941            | 1,491,081            |
| -                 | 1,705,436            |
| <u>491,871</u>    | <u>8,345,017</u>     |
| <u>\$ 597,833</u> | <u>\$ 12,755,356</u> |

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**Blind Brook - Rye Union Free School District, New York**

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

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|  |              |
|--|--------------|
| Fund Balances - Total Governmental Funds | \$ 8,345,017 |
|--|--------------|

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

|   |            |
|---|------------|
| Capital assets used in governmental activities are not financial<br>resources and, therefore, are not reported in the funds | 33,029,411 |
|---|------------|

Governmental funds do not report the effect of losses on refunding  
bonds and assets or liabilities related to net pension assets (liabilities)  
whereas these amounts are deferred and amortized in the  
statement of activities.

|  |                    |
|--|--------------------|
| Deferred amounts on refunding bonds                  | 169,450            |
| Deferred amounts on net pension assets (liabilities) | (5,989,947)        |
|  | <u>(5,820,497)</u> |

Other long-term assets are not available to pay for current-period  
expenditures and, therefore, are not reported in the funds.

|                |            |
|----------------|------------|
| Pension assets | 13,901,646 |
|----------------|------------|

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

|   |                     |
|---|---------------------|
| Accrued interest payable                          | (188,690)           |
| Bonds payable                                     | (17,154,804)        |
| Compensated absences                              | (344,429)           |
| Net pension obligation                            | (389,326)           |
| Retirement incentive payable                      | (660,000)           |
| Energy performance contract payable               | (3,070,767)         |
| Other post employment benefit obligations payable | (14,218,842)        |
|   | <u>(36,026,858)</u> |

|   |                      |
|---|----------------------|
| Net Position of Governmental Activities | <u>\$ 13,428,719</u> |
|---|----------------------|

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

**Blind Brook - Rye Union Free School District, New York**

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

|  | General       | Special<br>Aid | Capital<br>Projects |
|--|---------------|----------------|---------------------|
| <b>REVENUES</b>                                      |               |                |                     |
| Real property taxes                                  | \$ 33,417,566 | \$ -           | \$ -                |
| Other tax items                                      | 3,332,316     | -              | -                   |
| Non-property taxes                                   | 330,291       | -              | -                   |
| Charges for services                                 | 659,334       | -              | -                   |
| Use of money and property                            | 234,745       | -              | -                   |
| Sale of property and<br>compensation for loss        | 4,984         | -              | -                   |
| State aid  | 2,615,983     | 147,769        | -                   |
| Federal aid  | -             | 382,921        | -                   |
| Food sales   | -             | -              | -                   |
| Miscellaneous  | 291,095       | -              | -                   |
| Total Revenues                                       | 40,886,314    | 530,690        | -                   |
| <b>EXPENDITURES</b>                                  |               |                |                     |
| Current  |               |                |                     |
| General support                                      | 3,600,282     | -              | -                   |
| Instruction  | 23,867,503    | 562,978        | -                   |
| Pupil transportation                                 | 1,192,807     | -              | -                   |
| Employee benefits                                    | 9,738,950     | -              | -                   |
| Cost of food sales                                   | -             | -              | -                   |
| Capital outlay                                       | -             | -              | 48,465              |
| Debt service   |               |                |                     |
| Principal  | 1,645,000     | -              | -                   |
| Interest   | 733,004       | -              | -                   |
| Refunding bond issuance costs                        | -             | -              | -                   |
| Total Expenditures                                   | 40,777,546    | 562,978        | 48,465              |
| Excess (Deficiency) of<br>Revenues Over Expenditures | 108,768       | (32,288)       | (48,465)            |
| <b>OTHER FINANCING SOURCES (USES)</b>                |               |                |                     |
| Refunding bonds issued                               | -             | -              | -                   |
| Issuance premium                                     | -             | -              | -                   |
| Payment to refunded bond escrow agent                | -             | -              | -                   |
| Energy performance contract debt issued              | -             | -              | 3,070,767           |
| Transfers in   | -             | 32,288         | -                   |
| Transfers out  | (32,288)      | -              | -                   |
| Total Other Financing Sources (Uses)                 | (32,288)      | 32,288         | 3,070,767           |
| Net Change in Fund Balances                          | 76,480        | -              | 3,022,302           |
| <b>FUND BALANCES</b>                                 |               |                |                     |
| Beginning of Year                                    | 4,481,237     | -              | 273,127             |
| End of Year  | \$ 4,557,717  | \$ -           | \$ 3,295,429        |

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

| Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------|--------------------------------|
| \$ -                               | \$ 33,417,566                  |
| -                                  | 3,332,316                      |
| -                                  | 330,291                        |
| -                                  | 659,334                        |
| 4,855                              | 239,600                        |
| -                                  | 4,984                          |
| 3,488                              | 2,767,240                      |
| 34,708                             | 417,629                        |
| 569,046                            | 569,046                        |
| 22,376                             | 313,471                        |
| 634,473                            | 42,051,477                     |
| -                                  | 3,600,282                      |
| 3,600                              | 24,434,081                     |
| -                                  | 1,192,807                      |
| -                                  | 9,738,950                      |
| 608,329                            | 608,329                        |
| -                                  | 48,465                         |
| -                                  | 1,645,000                      |
| -                                  | 733,004                        |
| 110,000                            | 110,000                        |
| 721,929                            | 42,110,918                     |
| (87,456)                           | (59,441)                       |
| 10,085,000                         | 10,085,000                     |
| 1,772,005                          | 1,772,005                      |
| (11,747,005)                       | (11,747,005)                   |
| -                                  | 3,070,767                      |
| -                                  | 32,288                         |
| -                                  | (32,288)                       |
| 110,000                            | 3,180,767                      |
| 22,544                             | 3,121,326                      |
| 469,327                            | 5,223,691                      |
| \$ 491,871                         | \$ 8,345,017                   |

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# Blind Brook - Rye Union Free School District, New York

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

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

|  |              |
|--|--------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 3,121,326 |
|--|--------------|

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

|                             |                    |
|-----------------------------|--------------------|
| Capital outlay expenditures | 161,842            |
| Depreciation expense        | (1,171,905)        |
|                             | <u>(1,010,063)</u> |

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

|  |                    |
|--|--------------------|
| Refunding bonds issued                                       | (10,085,000)       |
| Issuance premium   | (1,772,005)        |
| Payment to refunded bond escrow agent                        | 11,747,005         |
| Energy performance contract debt issued                      | (3,070,767)        |
| Principal paid on serial bonds                               | 1,645,000          |
| Amortization of loss on refunding bonds and issuance premium | 133,474            |
|  | <u>(1,402,293)</u> |

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

|   |                  |
|---|------------------|
| Accrued interest                                  | (2,486)          |
| Compensated absences                              | 33,129           |
| Retirement incentive payable                      | (110,000)        |
| Pension assets (obligations)                      | 4,044,339        |
| Other post employment benefit obligations payable | (1,919,361)      |
|   | <u>2,045,621</u> |

|   |                     |
|---|---------------------|
| Change in Net Position of Governmental Activities | <u>\$ 2,754,591</u> |
|---|---------------------|

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

**Blind Brook - Rye Union Free School District, New York**

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

|   | General Fund       |                 |               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|---------------|---|
|   | Original<br>Budget | Final<br>Budget | Actual        |   |
| <b>REVENUES</b>                               |                    |                 |               |   |
| Real property taxes                           | \$ 33,417,500      | \$ 33,417,500   | \$ 33,417,566 | \$ 66   |
| Other tax items                               | 3,327,839          | 3,327,839       | 3,332,316     | 4,477   |
| Non-property taxes                            | 315,000            | 315,000         | 330,291       | 15,291  |
| Charges for services                          | 569,470            | 569,470         | 659,334       | 89,864  |
| Use of money and property                     | 241,938            | 241,938         | 234,745       | (7,193)   |
| Sale of property and<br>compensation for loss | 5,500              | 5,500           | 4,984         | (516)   |
| State aid                                     | 2,588,046          | 2,588,046       | 2,615,983     | 27,937  |
| Federal aid                                   | -                  | -               | -             | -   |
| Miscellaneous                                 | 102,500            | 102,500         | 291,095       | 188,595   |
| Total Revenues                                | 40,567,793         | 40,567,793      | 40,886,314    | 318,521   |
| <b>EXPENDITURES</b>                           |                    |                 |               |   |
| Current                                       |                    |                 |               |   |
| General support                               | 3,899,122          | 3,951,780       | 3,600,282     | 351,498   |
| Instruction                                   | 24,254,755         | 24,661,421      | 23,867,503    | 793,918   |
| Pupil transportation                          | 1,344,117          | 1,244,119       | 1,192,807     | 51,312  |
| Community services                            | 1,000              | 1,000           | -             | 1,000   |
| Employee benefits                             | 10,321,565         | 10,018,207      | 9,738,950     | 279,257   |
| Debt service                                  |                    |                 |               |   |
| Principal                                     | 1,645,000          | 1,645,000       | 1,645,000     | -   |
| Interest                                      | 781,157            | 781,157         | 733,004       | 48,153  |
| Total Expenditures                            | 42,246,716         | 42,302,684      | 40,777,546    | 1,525,138   |
| Deficiency of Revenues<br>Over Expenditures   | (1,678,923)        | (1,734,891)     | 108,768       | 1,843,659   |
| <b>OTHER FINANCING<br/>SOURCES (USES)</b>     |                    |                 |               |   |
| Transfers in                                  | -                  | -               | -             | -   |
| Transfers out                                 | (34,337)           | (34,337)        | (32,288)      | 2,049   |
| Total Other<br>Financing Sources              | (34,337)           | (34,337)        | (32,288)      | 2,049   |
| Net Change in Fund Balance                    | (1,713,260)        | (1,769,228)     | 76,480        | 1,845,708   |
| <b>FUND BALANCE</b>                           |                    |                 |               |   |
| Beginning of Year                             | 1,713,260          | 1,769,228       | 4,481,237     | 2,712,009   |
| End of Year                                   | \$ -               | \$ -            | \$ 4,557,717  | \$ 4,557,717  |

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

| Special Aid Fund   |                 |          |   |
|--------------------|-----------------|----------|---|
| Original<br>Budget | Final<br>Budget | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ -               | \$ -            | \$ -     | \$ -  |
| -                  | -               | -        | -   |
| -                  | -               | -        | -   |
| -                  | -               | -        | -   |
| -                  | -               | -        | -   |
| -                  | -               | -        | -   |
| 147,769            | 147,769         | 147,769  | -   |
| 511,958            | 513,338         | 382,921  | (130,417)   |
| -                  | -               | -        | -   |
| 659,727            | 661,107         | 530,690  | (130,417)   |
| -                  | -               | -        | -   |
| 694,064            | 695,444         | 562,978  | 132,466   |
| -                  | -               | -        | -   |
| -                  | -               | -        | -   |
| -                  | -               | -        | -   |
| -                  | -               | -        | -   |
| -                  | -               | -        | -   |
| 694,064            | 695,444         | 562,978  | 132,466   |
| (34,337)           | (34,337)        | (32,288) | 2,049   |
| 34,337             | 34,337          | 32,288   | (2,049)   |
| -                  | -               | -        | -   |
| 34,337             | 34,337          | 32,288   | (2,049)   |
| -                  | -               | -        | -   |
| -                  | -               | -        | -   |
| \$ -               | \$ -            | \$ -     | \$ -  |

**Blind Brook - Rye Union Free School District, New York**

Statement of Assets and Liabilities  
Fiduciary Fund  
June 30, 2015

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|                        | Agency<br>Fund    |
|------------------------|-------------------|
| <b>ASSETS</b>          |                   |
| Cash and equivalents   | <u>\$ 201,193</u> |
| <b>LIABILITIES</b>     |                   |
| Deposits payable       | \$ 125,154        |
| Student activity funds | <u>76,039</u>     |
| Total Liabilities      | <u>\$ 201,193</u> |

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



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

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

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

**A. Financial Reporting Entity**

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

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

The School District participates in the Southern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined in Education Law. Copies of BOCES' financial statement can be requested from Southern Westchester BOCES, 17 Berkley Drive, Rye Brook, New York 10573.

**B. District-Wide Financial Statements**

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

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

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

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

**C. Fund Financial Statements**

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

**Fund Categories**

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

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

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The

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

major special revenue fund of the School District is the Special Aid Fund. The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State funds. The major revenues of this fund are State and Federal aid.

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

The School District also reports the following non-major governmental funds:

Special Revenue Funds:

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

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

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

Permanent Fund - The Permanent Fund is used to account for assets that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs.

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

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

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

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

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

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liabilities, retirement incentives and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**Deposits and Risk Disclosure**

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

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

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

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging

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

financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2015.

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

**Restricted Cash** - Restricted cash in the Capital Projects Fund consists of deposits held by a financial institution. These funds are to be used for the Energy Performance Contract Improvements project.

**Property Taxes Receivable** - Real property taxes attach as an enforceable lien on real property as of July 1st and are levied and payable in September and January. The town which is included in the levy is responsible for the billing and collection of the taxes. The town guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

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

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

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

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

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

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

cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

| <u>Class</u>               | <u>Life<br/>in Years</u> |
|----------------------------|--------------------------|
| Buildings and Improvements | 20-50                    |
| Machinery and Equipment    | 5-15                     |

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

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$2,776 in the Special Aid Fund for State and Federal aid received in advance and \$41,850 for meals purchased in advance in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

The School District reported deferred outflows of resources of \$169,450 for a deferred loss on the refunding bonds in the district-wide Statement of Net Position. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

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

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

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

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

**Net Position** - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position include, net investment in capital assets, restricted for capital projects, debt service, tax certiorari, retirement contributions, school lunch, special purposes and Permanent Fund. The balance is classified as unrestricted.

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

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

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

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

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

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or the Assistant Superintendent of Finance and Facilities for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

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

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

**F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the



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

General and Special Aid funds. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

**G. Use of Estimates**

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

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 2, 2015.

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

**A. Budgetary Data**

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

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

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

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

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

**B. Limitation on Fund Balance**

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

**C. Property Tax Limitation**

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law applies to all local governments, including school districts.

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

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

**D. Cumulative Effect of Change in Accounting Principle**

For the year ended June 30, 2015, the School District implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of

# Blind Brook-Rye Union Free School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. As a result of adopting these standards, the district-wide financial statements reflect a cumulative effect for the change in accounting principle of \$3,478,034.

## Note 3 - Detailed Notes on All Funds

### A. Due From/To Other Funds

The composition of interfund balances at June 30, 2015 is as follows:

| <u>Fund</u>            | <u>Due<br/>From</u> | <u>Due<br/>To</u> |
|------------------------|---------------------|-------------------|
| General                | \$ 291,110          | \$ 20,054         |
| Special Aid            | -                   | 270,490           |
| Capital Projects       | -                   | 6,332             |
| Non-Major Governmental | 39,033              | 33,267            |
|                        | <u>\$ 330,143</u>   | <u>\$ 330,143</u> |

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

### B. Capital Assets

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

| <u>Class</u>                                    | <u>Balance<br/>July 1,<br/>2014</u> | <u>Additions</u>      | <u>Deletions</u> | <u>Balance<br/>June 30,<br/>2015</u> |
|---|-------------------------------------|-----------------------|------------------|--------------------------------------|
| Capital Assets, not being depreciated:          |                                     |                       |                  |                                      |
| Land  | \$ 985,788                          | \$ -                  | \$ -             | \$ 985,788                           |
| Construction in progress                        | -                                   | 48,465                | -                | 48,465                               |
| Total Capital Assets, not<br>being depreciated  | <u>\$ 985,788</u>                   | <u>\$ 48,465</u>      | <u>\$ -</u>      | <u>\$ 1,034,253</u>                  |
| Capital Assets, being depreciated:              |                                     |                       |                  |                                      |
| Buildings and Improvements                      | \$ 50,535,776                       | \$ -                  | \$ -             | \$ 50,535,776                        |
| Machinery and Equipment                         | 1,792,958                           | 113,377               | -                | 1,906,335                            |
| Total Capital Assets, being<br>depreciated      | <u>52,328,734</u>                   | <u>113,377</u>        | <u>-</u>         | <u>52,442,111</u>                    |
| Less Accumulated Depreciation for:              |                                     |                       |                  |                                      |
| Buildings and Improvements                      | 17,711,467                          | 1,071,660             | -                | 18,783,127                           |
| Machinery and Equipment                         | 1,563,581                           | 100,245               | -                | 1,663,826                            |
| Total Accumulated Depreciation                  | <u>19,275,048</u>                   | <u>1,171,905</u>      | <u>-</u>         | <u>20,446,953</u>                    |
| Total Capital Assets, being<br>depreciated, net | <u>\$ 33,053,686</u>                | <u>\$ (1,058,528)</u> | <u>\$ -</u>      | <u>\$ 31,995,158</u>                 |
| Capital Assets, net                             | <u>\$ 34,039,474</u>                | <u>\$ (1,010,063)</u> | <u>\$ -</u>      | <u>\$ 33,029,411</u>                 |

# Blind Brook-Rye Union Free School District, New York

## Notes to Financial Statements (Continued)

June 30, 2015

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

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

|                            |                     |
|----------------------------|---------------------|
| General support            | \$ 18,145           |
| Instruction                | 1,069,649           |
| Pupil transportation       | <u>84,111</u>       |
| Total Depreciation Expense | <u>\$ 1,171,905</u> |

#### C. Accrued Liabilities

Accrued liabilities at June 30, 2015 were as follows:

|                               | <u>General Fund</u> |
|-------------------------------|---------------------|
| Payroll and Employee Benefits | <u>\$ 64,723</u>    |

#### D. Long-Term Liabilities

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

|  | Balance,<br>as Reported<br>July 1, 2014 | Cumulative<br>Effect of<br>Change in<br>Accounting<br>Principle | Balance,<br>as Restated<br>July 1, 2014 | New<br>Issues/<br>Additions | Maturities<br>and/or<br>Payments | Balance<br>June 30,<br>2015 | Due<br>Within<br>One-Year |
|--|---|---|---|-----------------------------|----------------------------------|-----------------------------|---------------------------|
| Bonds Payable -                              |   |   |   |                             |                                  |                             |                           |
| Capital Construction                         | \$ 18,265,000                           | \$ -  | \$ 18,265,000                           | \$ 10,085,000               | \$ 13,330,000                    | \$ 15,020,000               | \$ 1,565,000              |
| Plus - Unamortized Premium<br>on Bonds       | <u>517,545</u>                          | <u>-</u>  | <u>517,545</u>                          | <u>1,772,005</u>            | <u>154,746</u>                   | <u>2,134,804</u>            | <u>-</u>                  |
|  | <u>18,782,545</u>                       | <u>-</u>  | <u>18,782,545</u>                       | <u>11,857,005</u>           | <u>13,484,746</u>                | <u>17,154,804</u>           | <u>1,565,000</u>          |
| Energy Performance                           |   |   |   |                             |                                  |                             |                           |
| Contract Payable                             | <u>-</u>                                | <u>-</u>  | <u>-</u>                                | <u>3,070,767</u>            | <u>-</u>                         | <u>3,070,767</u>            | <u>53,154</u>             |
| Other Non-current Liabilities:               |   |   |   |                             |                                  |                             |                           |
| Compensated Absences                         | 377,558                                 | -   | 377,558                                 | 4,871                       | 38,000                           | 344,429                     | 34,000                    |
| Net Pension Liability                        | -                                       | 520,776   | 520,776                                 | -                           | 131,450                          | 389,326                     | -                         |
| Retirement Incentive Payable                 | 550,000                                 | -   | 550,000                                 | 220,000                     | 110,000                          | 660,000                     | 165,000                   |
| Other Post Employment<br>Benefit Obligations | <u>12,299,481</u>                       | <u>-</u>  | <u>12,299,481</u>                       | <u>3,095,322</u>            | <u>1,175,961</u>                 | <u>14,218,842</u>           | <u>-</u>                  |
| Total Other Non-<br>Current Liabilities      | <u>13,227,039</u>                       | <u>520,776</u>  | <u>13,747,815</u>                       | <u>3,320,193</u>            | <u>1,455,411</u>                 | <u>15,612,597</u>           | <u>199,000</u>            |
| Total Long-Term<br>Liabilities               | <u>\$ 32,009,584</u>                    | <u>\$ 520,776</u>   | <u>\$ 32,530,360</u>                    | <u>\$ 18,247,965</u>        | <u>\$ 14,940,157</u>             | <u>\$ 35,838,168</u>        | <u>\$ 1,817,154</u>       |

Each governmental fund's liability for bonds payable, compensated absences, net pension liability, retirement incentive payable and other post employment benefit obligations is liquidated by the General Fund.

**Blind Brook-Rye Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

Bonds payable at June 30, 2015 are comprised of the following individual issues:

| Purpose         | Year of Issue | Original Issue Amount | Final Maturity | Interest Rates | Amount Outstanding at June 30, 2015 |
|-----------------|---------------|-----------------------|----------------|----------------|-------------------------------------|
| Refunding Bonds | 2011          | \$ 8,405,000          | February, 2021 | 4.00-5.00%     | \$ 4,935,000                        |
| Refunding Bonds | 2014          | 10,085,000            | November, 2025 | 2.00-5.00%     | 10,085,000                          |
|                 |               |                       |                |                | <u>\$ 15,020,000</u>                |

Interest expenditures of \$733,004 were recorded in the fund financial statements in the General Fund. Interest expense of \$570,168 was recorded in the district-wide financial statements.

**Advance Refunding**

During the 2014-15 fiscal year, the School District issued \$10,085,000 in serial bonds with interest rates ranging from 2.0% to 5.0%, depending on maturity. The proceeds were used to advance refund \$11,685,000 of the 2005 District-Wide Improvements serial bonds bearing interest at rates ranging from 4.25% to 4.5%. The net proceeds of \$11,747,005 (net of \$1,772,005 re-offering premium and after payment of \$110,000 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 District-Wide Improvements serial bonds. As a result, the 2005 District-Wide Improvements serial bonds are considered defeased and the liability for these serial bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$62,005 and the premium received was \$1,772,005. These amounts are being netted against the new debt and amortized over the remaining life of the refunded debt.

The School District advance refunded the 2005 District-Wide Improvements serial bonds to reduce its total debt service payments over 10 years by \$1,825,889 and to obtain a net present value economic gain of \$1,647,458.

As of June 30, 2015, the defeased bonds have been called and are no longer outstanding.

**Energy Performance Contract Debt Payable**

The School District, in January 2015, entered into a \$3,070,767 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over fifteen years, with semi-annual installments of \$122,641 through July 2030. Payments include interest at 2.26%. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the lease payment terms. The balance due at June 30, 2015 was \$3,070,767.

Interest expense of \$31,848 was recorded in the district-wide financial statements.

**Blind Brook-Rye Union Free School District, New York**

## Notes to Financial Statements (Continued)

June 30, 2015

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

The annual requirements to amortize all bonded and energy performance contract debt outstanding as of June 30, 2015 including interest payments of \$4,293,253 are as follows:

| Year<br>Ending<br>June 30, | Bonds                |                     | Energy Performance<br>Contract |                   | Total                |                     |
|----------------------------|----------------------|---------------------|--------------------------------|-------------------|----------------------|---------------------|
|                            | Principal            | Interest            | Principal                      | Interest          | Principal            | Interest            |
| 2016                       | \$ 1,565,000         | \$ 656,400          | \$ 53,154                      | \$ 69,486         | \$ 1,618,154         | \$ 725,886          |
| 2017                       | 1,605,000            | 604,525             | 177,999                        | 67,282            | 1,782,999            | 671,807             |
| 2018                       | 1,620,000            | 543,650             | 182,050                        | 63,232            | 1,802,050            | 606,882             |
| 2019                       | 1,640,000            | 478,150             | 186,193                        | 59,089            | 1,826,193            | 537,239             |
| 2020                       | 1,675,000            | 403,700             | 190,430                        | 54,852            | 1,865,430            | 458,552             |
| 2021-2025                  | 5,775,000            | 969,875             | 1,019,156                      | 207,250           | 6,794,156            | 1,177,125           |
| 2026-2030                  | 1,140,000            | 28,500              | 1,140,517                      | 85,890            | 2,280,517            | 114,390             |
| 2031                       | -                    | -                   | 121,268                        | 1,372             | 121,268              | 1,372               |
|                            | <u>\$ 15,020,000</u> | <u>\$ 3,684,800</u> | <u>\$ 3,070,767</u>            | <u>\$ 608,453</u> | <u>\$ 18,090,767</u> | <u>\$ 4,293,253</u> |

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

**Compensated Absences**

Under the terms of existing collective bargaining agreements, the School District is required to compensate its employees for accumulated vacation and sick time which does not exceed limits stated in the respective agreements. The value of the compensated absences has been reflected in the district-wide financial statements.

**Pension Plans***Employees' Retirement System*

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

**Blind Brook-Rye Union Free School District, New York**

## Notes to Financial Statements (Continued)

June 30, 2015

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

may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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

| <u>Tier/Plan</u> | <u>Rate</u> |
|------------------|-------------|
| 1 75I            | 27.4 %      |
| 4 A15            | 20.2        |
| 5 A15            | 16.5        |
| 6 A15            | 10.9        |

At June 30, 2015, the School District reported a liability of \$389,326 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At March 31, 2015, the School District's proportion was .0115245%. For this first year of implementation, the ERS reported no change in the allocation percentage measured as of March 31, 2014.

For the year ended June 30, 2015, the School District recognized pension expense in the district-wide financial statements of \$355,846. Pension expenditures of \$573,245 were recorded in the fund financial statements and were charged to the General Fund. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

|  | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience   | \$ 12,463                                     | \$ -   |
| Changes of assumptions   | -   | -  |
| Net difference between projected and actual earnings on pension plan investments                                     | 67,621  | -  |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 14,014  | -  |
| School District contributions subsequent to the measurement date   | 179,196                                       | -  |
|  | <u>\$ 273,294</u>                             | <u>\$ -</u>                                  |

**Blind Brook-Rye Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

\$179,196 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

| <u>Year Ended</u><br><u>March 31,</u> |           |
|---------------------------------------|-----------|
| 2016                                  | \$ 23,524 |
| 2017                                  | 23,524    |
| 2018                                  | 23,524    |
| 2019                                  | 23,526    |
| Thereafter                            | -         |

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

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

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

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

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



# Blind Brook-Rye Union Free School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

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

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

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

|  | <u>1% Decrease (6.5%)</u> | <u>Current Assumption (7.5%)</u> | <u>1% Increase (8.5%)</u> |
|--|---------------------------|----------------------------------|---------------------------|
| School District's proportionate share of the net pension liability (asset) | <u>\$ 2,595,025</u>       | <u>\$ 389,326</u>                | <u>\$ (1,472,831)</u>     |

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

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

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

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2015 represent the projected employer contribution for the period of April 1, 2015 through June 30, 2015 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2015 were \$179,196.

*Teachers' Retirement System*

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

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

At June 30, 2015, the School District reported an asset of \$13,901,646 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The School District's proportion of the net pension asset was based on the School District's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2014, the School District's proportion was .124797%, which was an increase of .000854% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension expense in the district-wide financial statements of (\$621,484). Pension expenditures of \$3,205,456 were recorded in the fund financial statements and were charged to the General Fund. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

# Blind Brook-Rye Union Free School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ -                                 | \$ 203,286                          |
| Changes of assumptions   | -                                    | -                                   |
| Net difference between projected and actual earnings on pension plan investments                                     | -                                    | 9,336,466                           |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | -                                    | 5,039                               |
| School District contributions subsequent to the measurement date   | 3,281,550                            | -                                   |
|  | <u>\$ 3,281,550</u>                  | <u>\$ 9,544,791</u>                 |

\$3,281,550 reported as deferred outflows of resources related to TRS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

| Year Ended<br>June 30, |              |
|------------------------|--------------|
| 2015                   | \$ 2,358,340 |
| 2016                   | 2,358,340    |
| 2017                   | 2,358,340    |
| 2018                   | 2,358,340    |
| 2019                   | 24,224       |
| Thereafter             | 87,207       |

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

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

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

# Blind Brook-Rye Union Free School District, New York

## Notes to Financial Statements (Continued)

June 30, 2015

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

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

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

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

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

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

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

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

## Blind Brook-Rye Union Free School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

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

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

|   | 1%<br>Decrease<br>(7.0%) | Current<br>Assumption<br>(8.0%) | 1%<br>Increase<br>(9.0%) |
|---|--------------------------|---------------------------------|--------------------------|
| School District's proportionate<br>share of the net pension asset | <u>\$ 299,878</u>        | <u>\$ 13,901,646</u>            | <u>\$ 25,492,241</u>     |

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

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

Employer and employee contributions for the year ended June 30, 2015 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2015 represent employee and employer contributions for the fiscal year ended June 30, 2015 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions to TRS as of June 30, 2015 were \$3,432,297.

#### **Retirement Incentive Payable**

In the prior year, the School District entered into a retirement incentive agreement with an employee. The School District agreed to provide for forty quarterly payments of \$13,750 commencing in July, 2015. The balance due at June 30, 2015 is \$550,000.

In the current year, the School District entered into a retirement incentive agreement with an employee. The School District agreed to provide two annual payments of \$110,000 commencing in March 2015. The balance due at June 30, 2015 is \$110,000.

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

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing

# Blind Brook-Rye Union Free School District, New York

## Notes to Financial Statements (Continued)

June 30, 2015

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

post employment health care benefits is shared between the School District and the retired employee. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. The cost of retiree health care benefits is recognized as an expenditure/expense as claims are paid.

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

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

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

| Year Ended<br>June 30, | Health Care<br>Cost Trend<br>Rate |
|------------------------|-----------------------------------|
| 2016                   | 5.00 %                            |
| 2017                   | 5.30                              |
| 2018                   | 5.40                              |
| 2019                   | 5.50                              |
| 2020                   | 5.46                              |
| 2021+                  | 3.84-5.43                         |

The amortization basis is the level dollar method with a closed amortization approach with 23 years remaining in the amortization period. The actuarial assumptions include a 5.0% investment rate of return, a 3.0% inflation rate and a 4.0% annual payroll growth rate. The School District currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the projected unit credit cost method.

**Blind Brook-Rye Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

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

|  |                      |
|--|----------------------|
| Active Employees                               | 223                  |
| Retired Employees                              | <u>98</u>            |
|  | <u>321</u>           |
| Amortization Component                         |                      |
| Actuarial Accrued Liability as of July 1, 2014 | \$ 34,550,546        |
| Assets at Market Value                         | <u>-</u>             |
| Unfunded Actuarial Accrued Liability ("UAAL")  | <u>\$ 34,550,546</u> |
| Funded Ratio                                   | <u>0.00%</u>         |
| Covered Payroll (Active plan members)          | <u>\$ 20,097,758</u> |
| UAAL as a Percentage of Covered Payroll        | <u>171.91%</u>       |
| Annual Required Contribution                   | \$ 2,941,020         |
| Interest on Net OPEB Obligation                | 614,974              |
| Adjustment to Annual Required Contribution     | <u>(460,672)</u>     |
| Annual OPEB Cost                               | 3,095,322            |
| Contributions Made                             | <u>(1,175,961)</u>   |
| Increase in Net OPEB Obligation                | 1,919,361            |
| Net OPEB Obligation - Beginning of Year        | <u>12,299,481</u>    |
| Net OPEB Obligation - End of Year              | <u>\$ 14,218,842</u> |

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

| <u>Fiscal<br/>Year Ended<br/>June 30,</u> | <u>Annual<br/>OPEB Cost</u> | <u>Percentage of<br/>Annual OPEB<br/>Cost Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|---|-----------------------------|---|--------------------------------|
| 2015                                      | \$ 3,095,322                | 37.99 %   | \$ 14,218,842                  |
| 2014                                      | 3,431,473                   | 32.90   | 12,299,481                     |
| 2013                                      | 3,208,627                   | 32.57   | 9,996,873                      |

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

**Note 3 - Detailed Notes on All Funds (Continued)****E. Revenues and Expenditures****Interfund Transfers**

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

| <u>Transfers Out</u> | <u>Transfers In</u><br><u>Special Aid</u><br><u>Fund</u> |
|----------------------|--|
| General Fund         | \$ 32,288  |

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

**F. Net Position**

The components of net position are detailed below:

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

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

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

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

*Restricted for Retirement Contributions* - the component of net position that reports the amounts set aside to be used for retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

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

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



**Blind Brook-Rye Union Free School District, New York**

Notes to Financial Statements (Continued)

June 30, 2015

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

*Restricted for Permanent Fund* - the component of net position that reports the difference between assets and liabilities of the non-expendable trust with constraints placed on their use by external parties.

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

# Blind Brook-Rye Union Free School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

### G. Fund Balances

|                                      | 2015         |                       |                              |              | 2014         |                       |                              |              |
|--------------------------------------|--------------|-----------------------|------------------------------|--------------|--------------|-----------------------|------------------------------|--------------|
|                                      | General Fund | Capital Projects Fund | Non-Major Governmental Funds | Total        | General Fund | Capital Projects Fund | Non-Major Governmental Funds | Total        |
| Nonspendable:                        |              |                       |                              |              |              |                       |                              |              |
| Inventories                          | \$ -         | \$ -                  | \$ 2,765                     | \$ 2,765     | \$ -         | \$ -                  | \$ 2,379                     | \$ 2,379     |
| Prepaid expenditures                 | 342,380      | -                     | -                            | 342,380      | 325,479      | -                     | -                            | 325,479      |
| Permanent Fund                       | -            | -                     | 2,920                        | 2,920        | -            | -                     | 2,920                        | 2,920        |
| Total Nonspendable                   | 342,380      | -                     | 5,685                        | 348,065      | 325,479      | -                     | 5,299                        | 330,778      |
| Restricted:                          |              |                       |                              |              |              |                       |                              |              |
| Tax certiorari                       | 491,827      | -                     | -                            | 491,827      | 490,086      | -                     | -                            | 490,086      |
| Employee benefit accrued liability   | 319,952      | -                     | -                            | 319,952      | 350,727      | -                     | -                            | 350,727      |
| Retirement contributions             | 287,982      | -                     | -                            | 287,982      | 12,722       | -                     | -                            | 12,722       |
| Debt service                         | -            | -                     | 324,062                      | 324,062      | -            | -                     | 319,728                      | 319,728      |
| Capital projects                     | -            | 3,295,429             | -                            | 3,295,429    | -            | 273,127               | -                            | 273,127      |
| Special purposes                     | -            | -                     | 81,056                       | 81,056       | -            | -                     | 63,207                       | 63,207       |
| Permanent fund                       | -            | -                     | 127                          | 127          | -            | -                     | 126                          | 126          |
| Total Restricted                     | 1,099,761    | 3,295,429             | 405,245                      | 4,800,435    | 853,535      | 273,127               | 383,061                      | 1,509,723    |
| Assigned:                            |              |                       |                              |              |              |                       |                              |              |
| Purchases on order:                  |              |                       |                              |              |              |                       |                              |              |
| General government support           | 40,393       | -                     | -                            | 40,393       | 12,862       | -                     | -                            | 12,862       |
| Instruction                          | 4,747        | -                     | -                            | 4,747        | 398          | -                     | -                            | 398          |
|                                      | 45,140       | -                     | -                            | 45,140       | 13,260       | -                     | -                            | 13,260       |
| For subsequent year's expenditures - |              |                       |                              |              |              |                       |                              |              |
| General Fund                         | 1,365,000    | -                     | -                            | 1,365,000    | 1,700,000    | -                     | -                            | 1,700,000    |
| School Lunch Fund                    | -            | -                     | 80,941                       | 80,941       | -            | -                     | 80,967                       | 80,967       |
| Total Assigned                       | 1,410,140    | -                     | 80,941                       | 1,491,081    | 1,713,260    | -                     | 80,967                       | 1,794,227    |
| Unassigned                           | 1,705,436    | -                     | -                            | 1,705,436    | 1,588,963    | -                     | -                            | 1,588,963    |
| Total Fund Balances                  | \$ 4,557,717 | \$ 3,295,429          | \$ 491,871                   | \$ 8,345,017 | \$ 4,481,237 | \$ 273,127            | \$ 469,327                   | \$ 5,223,691 |

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

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

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

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

The corpus of the Permanent Fund has been classified as nonspendable to indicate the portion of the trust with constraints placed on its use by external parties.

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

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

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

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned.

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

**A. Litigation**

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

The School District is a defendant in actions in which, on occasion, parents seek reimbursement for tuition paid by them to private schools where they have unilaterally placed (enrolled) their children. If the parents' were successful in the claim, they could receive reimbursement for both tuition and attorney's fees. The School District rigorously contests any liability for these claims, as it feels: a) it had provided an appropriate placement for the children at issue; and b) the parents' unilateral placement are not consistent with the Individuals with Educational Disabilities Act. As mentioned above the School District is contesting that any and all cases should be dismissed however it is not possible to express an opinion on the outcome of these matters.

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

**B. Contingencies**

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

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

**C. Risk Management**

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

The School District purchases various insurance coverages to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million, an umbrella liability policy with coverage of \$15 million and liability coverage for school board members up to \$1 million.

The School District and neighboring school districts in Southern Westchester County, participate in the Southern 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 to provide for risk management to reduce future liability for workers' compensation and employers' liability payments. The Plan is managed and governed by a Board of Trustees comprised of a representative from each district. Billings are based upon participants' experience rating and payroll reported for the prior year. The School District has transferred all related risk to the Plan.

Health benefits are provided to employees through the New York State Health Insurance Program. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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**Blind Brook - Rye Union Free School District, New York**

## Required Supplementary Information - Schedule of Funding Progress

## Other Post Employment Benefits

## Last Three Fiscal Years

| Valuation<br>Date | Actuarial          |                      | Unfunded<br>Actuarial<br>Accrued<br>Liability | Funded<br>Ratio | Covered<br>Payroll | Unfunded<br>Liability as a<br>Percentage<br>of Covered<br>Payroll |
|-------------------|--------------------|----------------------|---|-----------------|--------------------|---|
|                   | Value of<br>Assets | Accrued<br>Liability |   |                 |                    |   |
| July 1, 2014      | \$ -               | \$ 34,550,546        | \$ 34,550,546                                 | - %             | \$ 20,097,758      | 171.91 %  |
| July 1, 2013      | -                  | 37,273,627           | 37,273,627                                    | -               | 23,184,119         | 160.77  |
| July 1, 2012      | -                  | 34,707,068           | 34,707,068                                    | -               | 22,504,957         | 154.22  |

**Blind Brook - Rye Union Free School District, New York**

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

---

|  | <u>2015</u>            |
|--|------------------------|
| School District's proportion of the net<br>pension liability (asset)   | <u>0.124797%</u>       |
| School District's proportionate share of the<br>net pension liability (asset)  | <u>\$ (13,901,646)</u> |
| School District's covered-employee payroll   | <u>\$ 18,954,756</u>   |
| School District's proportionate share of the<br>net pension liability (asset) as a percentage<br>of its covered-employee payroll | <u>(73.34%)</u>        |
| Plan fiduciary net position as a<br>percentage of the total pension liability  | <u>111.48%</u>         |

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

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

**Blind Brook - Rye Union Free School District, New York**

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

---

|   | <u>2015</u>          |
|---|----------------------|
| Contractually required contribution                                     | \$ 3,281,550         |
| Contributions in relation to the<br>contractually required contribution | <u>(3,281,550)</u>   |
| Contribution deficiency (excess)  | <u>\$ -</u>          |
| School District's covered-employee payroll                              | <u>\$ 18,954,756</u> |
| Contributions as a percentage of<br>covered-employee payroll            | <u>17.31%</u>        |

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

**Blind Brook - Rye Union Free School District, New York**

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

---

|  | <u>2015</u>         |
|--|---------------------|
| School District's proportion of the net<br>pension liability (asset)   | <u>0.0115245%</u>   |
| School District's proportionate share of the<br>net pension liability (asset)  | <u>\$ 389,326</u>   |
| School District's covered-employee payroll   | <u>\$ 3,683,951</u> |
| School District's proportionate share of the<br>net pension liability (asset) as a percentage<br>of its covered-employee payroll | <u>10.57%</u>       |
| Plan fiduciary net position as a<br>percentage of the total pension liability  | <u>97.90%</u>       |

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

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



**Blind Brook - Rye Union Free School District, New York**

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

---

|   | <u>2015</u>         |
|---|---------------------|
| Contractually required contribution                                     | \$ 581,395          |
| Contributions in relation to the<br>contractually required contribution | <u>(581,395)</u>    |
| Contribution deficiency (excess)  | <u>\$ -</u>         |
| School District's covered-employee payroll                              | <u>\$ 3,683,951</u> |
| Contributions as a percentage of<br>covered-employee payroll            | <u>15.78%</u>       |

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

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**Blind Brook - Rye Union Free School District, New York**

General Fund  
Comparative Balance Sheet  
June 30,

|                                     | <u>2015</u>                | <u>2014</u>                |
|-------------------------------------|----------------------------|----------------------------|
| <b>ASSETS</b>                       |                            |                            |
| Cash and equivalents                | <u>\$ 7,636,544</u>        | <u>\$ 7,596,673</u>        |
| Receivables                         |                            |                            |
| State and Federal aid               | 202,714                    | 186,725                    |
| Due from other governments          | 83,567                     | 85,619                     |
| Due from other funds                | <u>291,110</u>             | <u>244,898</u>             |
|                                     | <u>577,391</u>             | <u>517,242</u>             |
| Prepaid expenditures                | <u>342,380</u>             | <u>325,479</u>             |
| Total Assets                        | <u><u>\$ 8,556,315</u></u> | <u><u>\$ 8,439,394</u></u> |
| <b>LIABILITIES AND FUND BALANCE</b> |                            |                            |
| Liabilities                         |                            |                            |
| Accounts payable                    | \$ 294,880                 | \$ 297,664                 |
| Accrued liabilities                 | 64,723                     | 234,221                    |
| Due to other funds                  | 20,054                     | 12,896                     |
| Due to other governments            | 7,448                      | -                          |
| Due to retirement systems           | <u>3,611,493</u>           | <u>3,413,376</u>           |
| Total Liabilities                   | <u>3,998,598</u>           | <u>3,958,157</u>           |
| Fund balance                        |                            |                            |
| Nonspendable                        | 342,380                    | 325,479                    |
| Restricted                          | 1,099,761                  | 853,535                    |
| Assigned                            | 1,410,140                  | 1,713,260                  |
| Unassigned                          | <u>1,705,436</u>           | <u>1,588,963</u>           |
| Total Fund Balance                  | <u>4,557,717</u>           | <u>4,481,237</u>           |
| Total Liabilities and Fund Balance  | <u><u>\$ 8,556,315</u></u> | <u><u>\$ 8,439,394</u></u> |

**Blind Brook - Rye Union Free School District, New York**

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

|   | 2015               |                 |               |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|---------------|-------------------|---|
|   | Original<br>Budget | Final<br>Budget | Actual        | Encumbr-<br>ances |   |
| <b>REVENUES</b>                                       |                    |                 |               |                   |   |
| Real property taxes                                   | \$ 33,417,500      | \$ 33,417,500   | \$ 33,417,566 | \$                | \$ 66   |
| Other tax items                                       | 3,327,839          | 3,327,839       | 3,332,316     |                   | 4,477   |
| Non-property taxes                                    | 315,000            | 315,000         | 330,291       |                   | 15,291  |
| Charges for services                                  | 569,470            | 569,470         | 659,334       |                   | 89,864  |
| Use of money and property                             | 241,938            | 241,938         | 234,745       |                   | (7,193)   |
| Sale of property and<br>compensation for loss         | 5,500              | 5,500           | 4,984         |                   | (516)   |
| State aid   | 2,588,046          | 2,588,046       | 2,615,983     |                   | 27,937  |
| Miscellaneous   | 102,500            | 102,500         | 291,095       |                   | 188,595   |
| Total Revenues  | 40,567,793         | 40,567,793      | 40,886,314    |                   | 318,521   |
| <b>EXPENDITURES</b>                                   |                    |                 |               |                   |   |
| Current   |                    |                 |               |                   |   |
| General support                                       |                    |                 |               |                   |   |
| Board of education                                    | 43,850             | 43,850          | 39,291        | -                 | 4,559   |
| Central administration                                | 400,124            | 433,830         | 422,745       | -                 | 11,085  |
| Finance   | 618,601            | 636,927         | 618,804       | -                 | 18,123  |
| Staff   | 206,578            | 206,578         | 140,937       | -                 | 65,641  |
| Central services                                      | 2,269,309          | 2,264,566       | 2,013,027     | 40,393            | 211,146   |
| Special items   | 360,660            | 366,029         | 365,478       | -                 | 551   |
| Total General Support                                 | 3,899,122          | 3,951,780       | 3,600,282     | 40,393            | 311,105   |
| Instruction   |                    |                 |               |                   |   |
| Instruction, administration and<br>improvement        | 2,133,282          | 2,144,583       | 1,996,804     | -                 | 147,779   |
| Teaching - Regular school                             | 13,944,737         | 13,939,524      | 13,560,549    | 3,744             | 375,231   |
| Programs for children with<br>handicapping conditions | 4,779,170          | 5,169,842       | 5,017,416     | 352               | 152,074   |
| Instructional media                                   | 1,085,318          | 1,095,225       | 1,088,102     | 651               | 6,472   |
| Pupil services  | 2,312,248          | 2,312,247       | 2,204,632     | -                 | 107,615   |
| Total Instruction                                     | 24,254,755         | 24,661,421      | 23,867,503    | 4,747             | 789,171   |
| Pupil transportation                                  | 1,344,117          | 1,244,119       | 1,192,807     | -                 | 51,312  |
| Community services                                    | 1,000              | 1,000           | -             | -                 | 1,000   |
| Employee benefits                                     | 10,321,565         | 10,018,207      | 9,738,950     | -                 | 279,257   |
| Debt service  |                    |                 |               |                   |   |
| Principal   | 1,645,000          | 1,645,000       | 1,645,000     | -                 | -   |
| Interest  | 781,157            | 781,157         | 733,004       | -                 | 48,153  |
| Total Expenditures                                    | 42,246,716         | 42,302,684      | 40,777,546    | 45,140            | 1,479,998   |
| Excess (Deficiency) of<br>Revenues Over Expenditures  | (1,678,923)        | (1,734,891)     | 108,768       | (45,140)          | 1,798,519   |
| <b>OTHER FINANCING SOURCES</b>                        |                    |                 |               |                   |   |
| Transfers in  | -                  | -               | -             | -                 | -   |
| Transfers out   | (34,337)           | (34,337)        | (32,288)      | -                 | 2,049   |
| Total Other Financing Sources                         | (34,337)           | (34,337)        | (32,288)      | -                 | 2,049   |
| Net Change in Fund Balance                            | (1,713,260)        | (1,769,228)     | 76,480        | \$ (45,140)       | \$ 1,800,568  |
| <b>FUND BALANCE</b>                                   |                    |                 |               |                   |   |
| Beginning of Year                                     | 1,713,260          | 1,769,228       | 4,481,237     |                   |   |
| End of Year   | \$ -               | \$ -            | \$ 4,557,717  |                   |   |

| 2014               |                    |                     |                    |   |
|--------------------|--------------------|---------------------|--------------------|---|
| Original<br>Budget | Final<br>Budget    | Actual              | Encumbr-<br>ances  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 32,719,940      | \$ 32,719,940      | \$ 32,706,511       | \$                 | \$ (13,429)   |
| 3,435,212          | 3,435,212          | 3,434,944           |                    | (268)   |
| 300,000            | 300,000            | 336,806             |                    | 36,806  |
| 306,316            | 501,923            | 626,347             |                    | 124,424   |
| 257,668            | 257,668            | 240,949             |                    | (16,719)  |
| 3,500              | 3,500              | 240                 |                    | (3,260)   |
| 2,447,939          | 2,447,939          | 2,465,402           |                    | 17,463  |
| 81,664             | 81,664             | 109,586             |                    | 27,922  |
| <u>39,552,239</u>  | <u>39,747,846</u>  | <u>39,920,785</u>   |                    | <u>172,939</u>  |
| 40,700             | 41,450             | 37,484              | -                  | 3,966   |
| 468,484            | 468,484            | 447,212             | -                  | 21,272  |
| 626,798            | 626,798            | 595,160             | -                  | 31,638  |
| 230,578            | 230,578            | 167,689             | -                  | 62,889  |
| 2,304,447          | 2,307,434          | 2,210,385           | 12,862             | 84,187  |
| 340,031            | 343,044            | 341,353             | -                  | 1,691   |
| <u>4,011,038</u>   | <u>4,017,788</u>   | <u>3,799,283</u>    | <u>12,862</u>      | <u>205,643</u>  |
| 2,136,889          | 2,173,136          | 1,986,844           | -                  | 186,292   |
| 13,949,126         | 14,123,668         | 13,829,850          | -                  | 293,818   |
| 4,267,110          | 4,258,017          | 4,220,080           | 398                | 37,539  |
| 1,089,855          | 1,097,955          | 1,071,196           | -                  | 26,759  |
| 2,259,500          | 2,278,501          | 2,164,482           | -                  | 114,019   |
| <u>23,702,480</u>  | <u>23,931,277</u>  | <u>23,272,452</u>   | <u>398</u>         | <u>658,427</u>  |
| 1,146,023          | 1,148,523          | 1,126,475           | -                  | 22,048  |
| 1,000              | 1,000              | -                   | -                  | 1,000   |
| 9,997,213          | 9,982,363          | 9,479,391           | -                  | 502,972   |
| 1,630,000          | 1,630,000          | 1,630,000           | -                  | -   |
| 840,550            | 840,550            | 840,550             | -                  | -   |
| <u>41,328,304</u>  | <u>41,551,501</u>  | <u>40,148,151</u>   | <u>13,260</u>      | <u>1,390,090</u>  |
| <u>(1,776,065)</u> | <u>(1,803,655)</u> | <u>(227,366)</u>    | <u>(13,260)</u>    | <u>1,563,029</u>  |
| 100,000            | 100,000            | 100,000             | -                  | -   |
| (36,341)           | (36,341)           | (30,262)            | -                  | 6,079   |
| <u>63,659</u>      | <u>63,659</u>      | <u>69,738</u>       | <u>-</u>           | <u>6,079</u>  |
| (1,712,406)        | (1,739,996)        | (157,628)           | <u>\$ (13,260)</u> | <u>\$ 1,569,108</u>                                     |
| <u>1,712,406</u>   | <u>1,739,996</u>   | <u>4,638,865</u>    |                    |   |
| <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ 4,481,237</u> |                    |   |

# Blind Brook - Rye Union Free School District, New York

General Fund

Schedule of Revenues Compared to Budget

Year Ended June 30, 2015

|  | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|---|
| <b>REAL PROPERTY TAXES</b>                               | \$ 33,417,500      | \$ 33,417,500   | \$ 33,417,566 | \$ 66   |
| <b>OTHER TAX ITEMS</b>                                   |                    |                 |               |   |
| School tax relief reimbursement                          | 2,371,224          | 2,371,224       | 2,371,224     | -   |
| Payments in lieu of taxes                                | 956,615            | 956,615         | 961,092       | 4,477   |
|  | 3,327,839          | 3,327,839       | 3,332,316     | 4,477   |
| <b>NON-PROPERTY TAXES</b>                                |                    |                 |               |   |
| Non-property tax distribution from County                | 315,000            | 315,000         | 330,291       | 15,291  |
| <b>CHARGES FOR SERVICES</b>                              |                    |                 |               |   |
| Day school tuition                                       | 250,000            | 250,000         | 331,610       | 81,610  |
| Other services for other districts and other governments | 294,470            | 294,470         | 302,592       | 8,122   |
| Transportation for other districts                       | 25,000             | 25,000          | 25,132        | 132   |
|  | 569,470            | 569,470         | 659,334       | 89,864  |
| <b>USE OF MONEY AND PROPERTY</b>                         |                    |                 |               |   |
| Earnings on investments                                  | 40,000             | 40,000          | 35,519        | (4,481)   |
| Rental of real property                                  | 75,000             | 75,000          | 71,302        | (3,698)   |
| Rental of real property - BOCES                          | 126,938            | 126,938         | 127,924       | 986   |
|  | 241,938            | 241,938         | 234,745       | (7,193)   |
| <b>SALE OF PROPERTY AND<br/>COMPENSATION FOR LOSS</b>    |                    |                 |               |   |
| Insurance recoveries                                     | -                  | -               | 3,535         | 3,535   |
| Other  | 5,500              | 5,500           | 1,449         | (4,051)   |
|  | 5,500              | 5,500           | 4,984         | (516)   |

**STATE AID**

|                   |                  |                  |                  |               |
|-------------------|------------------|------------------|------------------|---------------|
| Basic formula     | 2,324,488        | 2,225,344        | 2,181,794        | (43,550)      |
| Lottery           | -                | 99,144           | 158,824          | 59,680        |
| BOCES             | 138,999          | 138,999          | 152,660          | 13,661        |
| Textbooks         | 124,559          | 124,559          | 90,987           | (33,572)      |
| Computer software | -                | -                | 22,381           | 22,381        |
| Library materials | -                | -                | 9,337            | 9,337         |
|                   | <u>2,588,046</u> | <u>2,588,046</u> | <u>2,615,983</u> | <u>27,937</u> |

**MISCELLANEOUS**

|                                     |                |                |                |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
| Refund of prior year's expenditures | 42,000         | 42,000         | 230,159        | 188,159        |
| Other                               | <u>60,500</u>  | <u>60,500</u>  | <u>60,936</u>  | <u>436</u>     |
|                                     | <u>102,500</u> | <u>102,500</u> | <u>291,095</u> | <u>188,595</u> |

**TOTAL REVENUES**

|                      |                      |                      |                   |
|----------------------|----------------------|----------------------|-------------------|
| <u>\$ 40,567,793</u> | <u>\$ 40,567,793</u> | <u>\$ 40,886,314</u> | <u>\$ 318,521</u> |
|----------------------|----------------------|----------------------|-------------------|

**Blind Brook - Rye Union Free School District, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2015

|                                 | Original<br>Budget | Final<br>Budget | Actual    | Encumbrances | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------|--------------------|-----------------|-----------|--------------|---|
| <b>GENERAL SUPPORT</b>          |                    |                 |           |              |   |
| <b>BOARD OF EDUCATION</b>       |                    |                 |           |              |   |
| Board of education              | \$ 20,800          | \$ 20,800       | \$ 19,801 | \$ -         | \$ 999  |
| District clerk                  | 12,800             | 12,800          | 12,500    | -            | 300   |
| District meeting                | 10,250             | 10,250          | 6,990     | -            | 3,260   |
| Total Board of Education        | 43,850             | 43,850          | 39,291    | -            | 4,559   |
| <b>CENTRAL ADMINISTRATION</b>   |                    |                 |           |              |   |
| Chief school administrator      | 400,124            | 433,830         | 422,745   | -            | 11,085  |
| <b>FINANCE</b>                  |                    |                 |           |              |   |
| Business administration         | 486,351            | 501,198         | 487,779   | -            | 13,419  |
| Auditing                        | 43,300             | 43,300          | 40,800    | -            | 2,500   |
| Treasurer                       | 85,000             | 88,479          | 86,275    | -            | 2,204   |
| Purchasing                      | 3,950              | 3,950           | 3,950     | -            | -   |
| Total Finance                   | 618,601            | 636,927         | 618,804   | -            | 18,123  |
| <b>STAFF</b>                    |                    |                 |           |              |   |
| Legal                           | 130,000            | 130,000         | 83,034    | -            | 46,966  |
| Personnel                       | 29,014             | 29,014          | 14,560    | -            | 14,454  |
| Public information and services | 47,564             | 47,564          | 43,343    | -            | 4,221   |
| Total Staff                     | 206,578            | 206,578         | 140,937   | -            | 65,641  |



**CENTRAL SERVICES**

|                                    |           |           |           |        |         |
|------------------------------------|-----------|-----------|-----------|--------|---------|
| Operation and maintenance of plant | 2,249,309 | 2,244,566 | 1,994,384 | 40,393 | 209,789 |
| Central printing and mailing       | 20,000    | 20,000    | 18,643    | -      | 1,357   |
| Total Central Services             | 2,269,309 | 2,264,566 | 2,013,027 | 40,393 | 211,146 |

**SPECIAL ITEMS**

|                                |           |           |           |        |         |
|--------------------------------|-----------|-----------|-----------|--------|---------|
| Unallocated insurance          | 178,890   | 178,890   | 178,339   | -      | 551     |
| Assessments on school property | 29,165    | 31,930    | 31,930    | -      | -       |
| Refund of real property taxes  | -         | 2,604     | 2,604     | -      | -       |
| Administrative charge - BOCES  | 152,605   | 152,605   | 152,605   | -      | -       |
| Total Special Items            | 360,660   | 366,029   | 365,478   | -      | 551     |
| Total General Support          | 3,899,122 | 3,951,780 | 3,600,282 | 40,393 | 311,105 |

**INSTRUCTION****INSTRUCTION, ADMINISTRATION  
AND IMPROVEMENT**

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|   |            |            |            |       |         |
|---|------------|------------|------------|-------|---------|
| Curriculum development and supervision                        | 95,915     | 105,915    | 105,112    | -     | 803     |
| Supervision - Regular school                                  | 1,889,117  | 1,890,418  | 1,809,757  | -     | 80,661  |
| In-service training - Instruction                             | 148,250    | 148,250    | 81,935     | -     | 66,315  |
| Total Instruction, Administration<br>and Improvement          | 2,133,282  | 2,144,583  | 1,996,804  | -     | 147,779 |
| <b>TEACHING - REGULAR SCHOOL</b>                              | 13,944,737 | 13,939,524 | 13,560,549 | 3,744 | 375,231 |
| <b>PROGRAMS FOR CHILDREN WITH<br/>HANDICAPPING CONDITIONS</b> |            |            |            |       |         |
| Programs for students with disabilities                       | 4,779,170  | 5,169,842  | 5,017,416  | 352   | 152,074 |

(Continued)

**Blind Brook - Rye Union Free School District, New York**

General Fund

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

Year Ended June 30, 2015

|   | Original<br>Budget | Final<br>Budget | Actual     | Encumbr-<br>ances | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|------------|-------------------|---|
| <b>INSTRUCTION (Continued)</b>                  |                    |                 |            |                   |   |
| <b>INSTRUCTIONAL MEDIA</b>                      |                    |                 |            |                   |   |
| School library and audiovisual                  | \$ 358,570         | \$ 358,570      | \$ 352,456 | \$ 395            | \$ 5,719  |
| Computer assisted instruction                   | 726,748            | 736,655         | 735,646    | 256               | 753   |
| Total Instructional Media                       | 1,085,318          | 1,095,225       | 1,088,102  | 651               | 6,472   |
| <b>PUPIL SERVICES</b>                           |                    |                 |            |                   |   |
| Guidance - Regular school                       | 844,214            | 844,214         | 833,455    | -                 | 10,759  |
| Health and diagnostic services - Regular school | 387,385            | 387,384         | 359,990    | -                 | 27,394  |
| Psychological services - Regular school         | 301,121            | 303,226         | 303,226    | -                 | -   |
| Co-curricular activities - Regular school       | 233,350            | 231,245         | 205,204    | -                 | 26,041  |
| Interscholastic athletics - Regular school      | 546,178            | 546,178         | 502,757    | -                 | 43,421  |
| Total Pupil Services                            | 2,312,248          | 2,312,247       | 2,204,632  | -                 | 107,615   |
| Total Instruction                               | 24,254,755         | 24,661,421      | 23,867,503 | 4,747             | 789,171   |
| <b>PUPIL TRANSPORTATION</b>                     |                    |                 |            |                   |   |
| District transportation services                | 589,106            | 614,106         | 591,446    | -                 | 22,660  |
| Contract transportation and garage building     | 755,011            | 630,013         | 601,361    | -                 | 28,652  |
| Total Pupil Transportation                      | 1,344,117          | 1,244,119       | 1,192,807  | -                 | 51,312  |
| <b>COMMUNITY SERVICES</b>                       |                    |                 |            |                   |   |
| Civic activities                                | 1,000              | 1,000           | -          | -                 | 1,000   |

**EMPLOYEE BENEFITS**

|  |                   |                   |                  |          |                |
|--|-------------------|-------------------|------------------|----------|----------------|
| State retirement                       | 772,752           | 595,652           | 573,245          | -        | 22,407         |
| Teachers' retirement                   | 3,201,023         | 3,205,456         | 3,205,456        | -        | -              |
| Social security                        | 1,690,773         | 1,690,773         | 1,648,448        | -        | 42,325         |
| Hospital, medical and dental insurance | 4,127,749         | 3,994,903         | 3,808,057        | -        | 186,846        |
| Workers' compensation                  | 148,668           | 149,373           | 143,808          | -        | 5,565          |
| Unemployment benefits                  | 50,000            | 50,000            | 27,886           | -        | 22,114         |
| Union welfare benefits                 | 330,600           | 332,050           | 332,050          | -        | -              |
|  | <u>10,321,565</u> | <u>10,018,207</u> | <u>9,738,950</u> | <u>-</u> | <u>279,257</u> |
| Total Employee Benefits                |                   |                   |                  |          |                |

**DEBT SERVICE**

|                    |                  |                  |                  |          |               |
|--------------------|------------------|------------------|------------------|----------|---------------|
| Serial bonds       |                  |                  |                  |          |               |
| Principal          | 1,645,000        | 1,645,000        | 1,645,000        | -        | -             |
| Interest           | 781,157          | 781,157          | 733,004          | -        | 48,153        |
|                    | <u>2,426,157</u> | <u>2,426,157</u> | <u>2,378,004</u> | <u>-</u> | <u>48,153</u> |
| Total Debt Service |                  |                  |                  |          |               |

**TOTAL EXPENDITURES**

|            |            |            |        |           |
|------------|------------|------------|--------|-----------|
| 42,246,716 | 42,302,684 | 40,777,546 | 45,140 | 1,479,998 |
|------------|------------|------------|--------|-----------|

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**OTHER FINANCING USES**

|                  |               |               |               |          |              |
|------------------|---------------|---------------|---------------|----------|--------------|
| Transfers out    |               |               |               |          |              |
| Special Aid Fund | 34,337        | 34,337        | 32,288        | -        | 2,049        |
|                  | <u>34,337</u> | <u>34,337</u> | <u>32,288</u> | <u>-</u> | <u>2,049</u> |

**TOTAL EXPENDITURES AND  
OTHER FINANCING USES**

|                      |                      |                      |                  |                     |
|----------------------|----------------------|----------------------|------------------|---------------------|
| <u>\$ 42,281,053</u> | <u>\$ 42,337,021</u> | <u>\$ 40,809,834</u> | <u>\$ 45,140</u> | <u>\$ 1,482,047</u> |
|----------------------|----------------------|----------------------|------------------|---------------------|

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**Blind Brook - Rye Union Free School District, New York**

Special Aid Fund  
Comparative Balance Sheet  
June 30,

---

|                                  | <u>2015</u>       | <u>2014</u>       |
|----------------------------------|-------------------|-------------------|
| <b>ASSETS</b>                    |                   |                   |
| Cash and equivalents             | \$ 32,288         | \$ 30,262         |
| State and Federal aid receivable | <u>267,159</u>    | <u>220,860</u>    |
| Total Assets                     | <u>\$ 299,447</u> | <u>\$ 251,122</u> |
| <b>LIABILITIES</b>               |                   |                   |
| Accounts payable                 | \$ 26,181         | \$ 15,625         |
| Unearned revenues                | 2,776             | -                 |
| Due to other funds               | <u>270,490</u>    | <u>235,497</u>    |
| Total Liabilities                | <u>\$ 299,447</u> | <u>\$ 251,122</u> |

**Blind Brook - Rye Union Free School District, New York**

Special Aid Fund

Comparative Schedule of Revenues, Expenditures and

Changes in Fund Balance - Budget and Actual

Years Ended June 30,

|   | 2015               |                 |            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|------------|---|
|   | Original<br>Budget | Final<br>Budget | Actual     |   |
| <b>REVENUES</b>                             |                    |                 |            |   |
| State aid                                   | \$ 147,769         | \$ 147,769      | \$ 147,769 | \$ -  |
| Federal aid                                 | 511,958            | 513,338         | 382,921    | (130,417)   |
| Total Revenues                              | 659,727            | 661,107         | 530,690    | (130,417)   |
| <b>EXPENDITURES</b>                         |                    |                 |            |   |
| Current                                     |                    |                 |            |   |
| Instruction                                 | 694,064            | 695,444         | 562,978    | 132,466   |
| Deficiency of Revenues<br>Over Expenditures | (34,337)           | (34,337)        | (32,288)   | 2,049   |
| <b>OTHER FINANCING SOURCES</b>              |                    |                 |            |   |
| Transfers in                                | 34,337             | 34,337          | 32,288     | (2,049)   |
| Net Change in Fund Balance                  | -                  | -               | -          | -   |
| <b>FUND BALANCE</b>                         |                    |                 |            |   |
| Beginning of Year                           | -                  | -               | -          | -   |
| End of Year                                 | \$ -               | \$ -            | \$ -       | \$ -  |

| 2014               |                 |            |   |
|--------------------|-----------------|------------|---|
| Original<br>Budget | Final<br>Budget | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| \$ 121,049         | \$ 121,049      | \$ 121,049 | \$ -  |
| 418,575            | 418,575         | 283,687    | (134,888)   |
| 539,624            | 539,624         | 404,736    | (134,888)   |
| 575,965            | 575,965         | 434,998    | 140,967   |
| (36,341)           | (36,341)        | (30,262)   | 6,079   |
| 36,341             | 36,341          | 30,262     | (6,079)   |
| -                  | -               | -          | -   |
| -                  | -               | -          | -   |
| \$ -               | \$ -            | \$ -       | \$ -  |

**Blind Brook - Rye Union Free School District, New York**

Capital Projects Fund  
Comparative Balance Sheet  
June 30,

|                                     | <u>2015</u>                | <u>2014</u>              |
|-------------------------------------|----------------------------|--------------------------|
| <b>ASSETS</b>                       |                            |                          |
| Cash and equivalents                | \$ 243,442                 | \$ 273,240               |
| Restricted cash                     | <u>3,058,319</u>           | <u>-</u>                 |
| Total Assets                        | <u><u>3,301,761</u></u>    | <u><u>273,240</u></u>    |
| <b>LIABILITIES AND FUND BALANCE</b> |                            |                          |
| Liabilities                         |                            |                          |
| Due to other funds                  | \$ 6,332                   | \$ 113                   |
| Fund balance                        |                            |                          |
| Restricted                          | <u>3,295,429</u>           | <u>273,127</u>           |
| Total Liabilities and Fund Balance  | <u><u>\$ 3,301,761</u></u> | <u><u>\$ 273,240</u></u> |



**Blind Brook - Rye Union Free School District, New York**

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

|  | <u>2015</u>         | <u>2014</u>       |
|--|---------------------|-------------------|
| <b>REVENUES</b>                          | \$ -                | \$ -              |
| <b>EXPENDITURES</b>                      |                     |                   |
| Capital outlay                           | <u>48,465</u>       | <u>-</u>          |
| Deficiency of Revenues Over Expenditures | (48,465)            | -                 |
| <b>OTHER FINANCING SOURCES</b>           |                     |                   |
| Energy performance contract debt issued  | <u>3,070,767</u>    | <u>-</u>          |
| Net Change in Fund Balance               | 3,022,302           | -                 |
| <b>FUND BALANCE</b>                      |                     |                   |
| Beginning of Year                        | <u>273,127</u>      | <u>273,127</u>    |
| End of Year                              | <u>\$ 3,295,429</u> | <u>\$ 273,127</u> |

**Blind Brook - Rye Union Free School District, New York**

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2015

---

| PROJECT                                  | Authorization       | Expenditures and Transfers to Date |                  |                   |
|--|---------------------|------------------------------------|------------------|-------------------|
|  |                     | Prior<br>Years                     | Current<br>Year  | Total             |
| Ridge Street Capital Improvements        | \$ 972,376          | \$ 699,249                         | \$ 33,626        | \$ 732,875        |
| Energy Performance Contract Improvements | 3,070,767           | -                                  | 14,839           | 14,839            |
|  | <u>\$ 4,043,143</u> | <u>\$ 699,249</u>                  | <u>\$ 48,465</u> | <u>\$ 747,714</u> |

---

| Unexpended<br>Balance | Methods of Financing |                   |                               | Total               | Fund Balance<br>at<br>June 30, 2015 |
|-----------------------|----------------------|-------------------|-------------------------------|---------------------|-------------------------------------|
|                       | State<br>Aid         | Transfers         | Proceeds<br>of<br>Obligations |                     |                                     |
| \$ 239,501            | \$ 467,871           | \$ 504,505        | \$ -                          | \$ 972,376          | \$ 239,501                          |
| 3,055,928             | -                    | -                 | 3,070,767                     | 3,070,767           | 3,055,928                           |
| <u>\$ 3,295,429</u>   | <u>\$ 467,871</u>    | <u>\$ 504,505</u> | <u>\$ 3,070,767</u>           | <u>\$ 4,043,143</u> | <u>\$ 3,295,429</u>                 |

**Blind Brook - Rye Union Free School District, New York**

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

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|                                      | School<br>Lunch | Special<br>Purpose | Debt<br>Service |
|--------------------------------------|-----------------|--------------------|-----------------|
| <b>ASSETS</b>                        |                 |                    |                 |
| Cash and equivalents                 | \$ 144,327      | \$ 82,456          | \$ 324,062      |
| Receivables                          |                 |                    |                 |
| Accounts                             | 98              | -                  | -               |
| State and Federal aid                | 2,045           | -                  | -               |
| Due from other funds                 | 39,033          | -                  | -               |
|                                      | 41,176          | -                  | -               |
| Inventories                          | 2,765           | -                  | -               |
| Total Assets                         | \$ 188,268      | \$ 82,456          | \$ 324,062      |
| <b>LIABILITIES AND FUND BALANCES</b> |                 |                    |                 |
| Liabilities                          |                 |                    |                 |
| Accounts payable                     | \$ 29,445       | \$ 1,400           | \$ -            |
| Unearned revenues                    | 41,850          | -                  | -               |
| Due to other funds                   | 33,267          | -                  | -               |
| Total Liabilities                    | 104,562         | 1,400              | -               |
| Fund balances                        |                 |                    |                 |
| Nonspendable                         | 2,765           | -                  | -               |
| Restricted                           | -               | 81,056             | 324,062         |
| Assigned                             | 80,941          | -                  | -               |
| Total Fund Balances                  | 83,706          | 81,056             | 324,062         |
| Total Liabilities and Fund Balances  | \$ 188,268      | \$ 82,456          | \$ 324,062      |

|                 | Total Non-Major<br>Governmental Funds |                   |
|-----------------|---------------------------------------|-------------------|
| Permanent       | 2015                                  | 2014              |
| \$ 3,047        | \$ 553,892                            | \$ 530,672        |
| -               | 98                                    | 682               |
| -               | 2,045                                 | 2,584             |
| -               | 39,033                                | 11,884            |
| -               | 41,176                                | 15,150            |
| -               | 2,765                                 | 2,379             |
| <u>\$ 3,047</u> | <u>\$ 597,833</u>                     | <u>\$ 548,201</u> |
| \$ -            | \$ 30,845                             | \$ 39,393         |
| -               | 41,850                                | 31,205            |
| -               | 33,267                                | 8,276             |
| -               | 105,962                               | 78,874            |
| 2,920           | 5,685                                 | 5,299             |
| 127             | 405,245                               | 383,061           |
| -               | 80,941                                | 80,967            |
| <u>3,047</u>    | <u>491,871</u>                        | <u>469,327</u>    |
| <u>\$ 3,047</u> | <u>\$ 597,833</u>                     | <u>\$ 548,201</u> |

**Blind Brook - Rye Union Free School District, New York**

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

|  | School<br>Lunch | Special<br>Purpose | Debt<br>Service |
|--|-----------------|--------------------|-----------------|
| <b>REVENUES</b>                                      |                 |                    |                 |
| Use of money and property                            | \$ 446          | \$ 74              | \$ 4,334        |
| State aid  | 3,488           | -                  | -               |
| Federal aid  | 34,708          | -                  | -               |
| Food sales   | 569,046         | -                  | -               |
| Miscellaneous  | 1,001           | 21,375             | -               |
| Total Revenues                                       | 608,689         | 21,449             | 4,334           |
| <b>EXPENDITURES</b>                                  |                 |                    |                 |
| Current  |                 |                    |                 |
| Instruction  | -               | 3,600              | -               |
| Cost of food sales                                   | 608,329         | -                  | -               |
| Debt service   |                 |                    |                 |
| Refunding bond issuance costs                        | -               | -                  | 110,000         |
| Total Expenditures                                   | 608,329         | 3,600              | 110,000         |
| Excess (Deficiency) of<br>Revenues Over Expenditures | 360             | 17,849             | (105,666)       |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                 |                    |                 |
| Refunding bonds issued                               | -               | -                  | 10,085,000      |
| Issuance premium                                     | -               | -                  | 1,772,005       |
| Payment to refunded bond escrow agent                | -               | -                  | (11,747,005)    |
| Transfers out  | -               | -                  | -               |
| Total Other Financing Sources (Uses)                 | -               | -                  | 110,000         |
| Net Change in Fund Balances                          | 360             | 17,849             | 4,334           |
| <b>FUND BALANCES</b>                                 |                 |                    |                 |
| Beginning of Year                                    | 83,346          | 63,207             | 319,728         |
| End of Year  | \$ 83,706       | \$ 81,056          | \$ 324,062      |

|           |       | Total Non-Major<br>Governmental Funds |            |
|-----------|-------|---------------------------------------|------------|
| Permanent |       | 2015                                  | 2014       |
| \$        | 1     | \$ 4,855                              | \$ 2,808   |
|           | -     | 3,488                                 | 3,615      |
|           | -     | 34,708                                | 40,061     |
|           | -     | 569,046                               | 526,815    |
|           | -     | 22,376                                | 8,366      |
|           | 1     | 634,473                               | 581,665    |
|           | -     | 3,600                                 | 49,370     |
|           | -     | 608,329                               | 581,968    |
|           | -     | 110,000                               | -          |
|           | -     | 721,929                               | 631,338    |
|           | 1     | (87,456)                              | (49,673)   |
|           | -     | 10,085,000                            | -          |
|           | -     | 1,772,005                             | -          |
|           | -     | (11,747,005)                          | -          |
|           | -     | -                                     | (100,000)  |
|           | -     | 110,000                               | (100,000)  |
|           | 1     | 22,544                                | (149,673)  |
|           | 3,046 | 469,327                               | 619,000    |
| \$        | 3,047 | \$ 491,871                            | \$ 469,327 |

**Blind Brook - Rye Union Free School District, New York**

School Lunch Fund  
Comparative Balance Sheet  
June 30,

|                                     | <u>2015</u>              | <u>2014</u>              |
|-------------------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                       |                          |                          |
| Cash and equivalents                | <u>\$ 144,327</u>        | <u>\$ 145,054</u>        |
| Receivables                         |                          |                          |
| Accounts                            | 98                       | 432                      |
| State and Federal aid               | 2,045                    | 2,584                    |
| Due from other funds                | <u>39,033</u>            | <u>11,771</u>            |
|                                     | <u>41,176</u>            | <u>14,787</u>            |
| Inventories                         | <u>2,765</u>             | <u>2,379</u>             |
| Total Assets                        | <u><u>\$ 188,268</u></u> | <u><u>\$ 162,220</u></u> |
| <b>LIABILITIES AND FUND BALANCE</b> |                          |                          |
| Liabilities                         |                          |                          |
| Accounts payable                    | \$ 29,445                | \$ 39,393                |
| Unearned revenues                   | 41,850                   | 31,205                   |
| Due to other funds                  | <u>33,267</u>            | <u>8,276</u>             |
| Total Liabilities                   | <u>104,562</u>           | <u>78,874</u>            |
| Fund balance                        |                          |                          |
| Nonspendable                        | 2,765                    | 2,379                    |
| Assigned                            | <u>80,941</u>            | <u>80,967</u>            |
| Total Fund Balance                  | <u>83,706</u>            | <u>83,346</u>            |
| Total Liabilities and Fund Balance  | <u><u>\$ 188,268</u></u> | <u><u>\$ 162,220</u></u> |



**Blind Brook - Rye Union Free School District, New York**

## School Lunch Fund

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

|  | <u>2015</u>      | <u>2014</u>      |
|--|------------------|------------------|
| <b>REVENUES</b>                                      |                  |                  |
| Use of money and property                            | \$ 446           | \$ 394           |
| State aid  | 3,488            | 3,615            |
| Federal aid  | 34,708           | 40,061           |
| Food sales   | 569,046          | 526,815          |
| Miscellaneous  | <u>1,001</u>     | <u>2,410</u>     |
| Total Revenues                                       | 608,689          | 573,295          |
| <b>EXPENDITURES</b>                                  |                  |                  |
| Current  |                  |                  |
| Cost of food sales                                   | <u>608,329</u>   | <u>581,968</u>   |
| Excess (Deficiency) of<br>Revenues Over Expenditures | 360              | (8,673)          |
| <b>FUND BALANCE</b>                                  |                  |                  |
| Beginning of Year                                    | <u>83,346</u>    | <u>92,019</u>    |
| End of Year  | <u>\$ 83,706</u> | <u>\$ 83,346</u> |

**Blind Brook - Rye Union Free School District, New York**

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

---

|                                     | <u>2015</u>             | <u>2014</u>             |
|-------------------------------------|-------------------------|-------------------------|
| <b>ASSETS</b>                       |                         |                         |
| Cash and equivalents                | \$ 82,456               | \$ 62,957               |
| Accounts receivable                 | <u>-</u>                | <u>250</u>              |
| Total Assets                        | <u><u>\$ 82,456</u></u> | <u><u>\$ 63,207</u></u> |
| <b>LIABILITIES AND FUND BALANCE</b> |                         |                         |
| Liabilities                         |                         |                         |
| Accounts payable                    | \$ 1,400                | \$ -                    |
| Fund balance                        |                         |                         |
| Restricted                          | <u>81,056</u>           | <u>63,207</u>           |
| Total Liabilities and Fund Balance  | <u><u>\$ 82,456</u></u> | <u><u>\$ 63,207</u></u> |

**Blind Brook - Rye Union Free School District, New York**

## Special Purpose Fund

## Comparative Statement of Revenues, Expenditures and

## Changes in Fund Balance

Years Ended June 30,

|  | <u>2015</u>      | <u>2014</u>      |
|--|------------------|------------------|
| <b>REVENUES</b>                                      |                  |                  |
| Use of money and property                            | \$ 74            | \$ 98            |
| Miscellaneous  | <u>21,375</u>    | <u>5,956</u>     |
| Total Revenues                                       | 21,449           | 6,054            |
| <b>EXPENDITURES</b>                                  |                  |                  |
| Current  |                  |                  |
| Instruction  | <u>3,600</u>     | <u>49,170</u>    |
| Excess (Deficiency) of<br>Revenues Over Expenditures | 17,849           | (43,116)         |
| <b>FUND BALANCE</b>                                  |                  |                  |
| Beginning of Year                                    | <u>63,207</u>    | <u>106,323</u>   |
| End of Year  | <u>\$ 81,056</u> | <u>\$ 63,207</u> |

**Blind Brook - Rye Union Free School District, New York**

Debt Service Fund  
Comparative Balance Sheet  
June 30,

---

|                      | <u>2015</u>       | <u>2014</u>       |
|----------------------|-------------------|-------------------|
| <b>ASSETS</b>        |                   |                   |
| Cash and equivalents | \$ 324,062        | \$ 319,615        |
| Due from other funds | <u>-</u>          | <u>113</u>        |
| Total Assets         | <u>\$ 324,062</u> | <u>\$ 319,728</u> |
| <b>FUND BALANCE</b>  |                   |                   |
| Restricted           | <u>\$ 324,062</u> | <u>\$ 319,728</u> |

**Blind Brook - Rye Union Free School District, New York**

Debt Service Fund

Comparative Statement of Revenues, Expenditures and

Changes in Fund Balance - Budget and Actual

Years Ended June 30,

|  | <u>2015</u>              | <u>2014</u>              |
|--|--------------------------|--------------------------|
| <b>REVENUES</b>                                      |                          |                          |
| Use of money and property                            | \$ 4,334                 | \$ 2,312                 |
| <b>EXPENDITURES</b>                                  |                          |                          |
| Debt service   |                          |                          |
| Refunding bond issuance costs                        | <u>110,000</u>           | <u>-</u>                 |
| Excess (Deficiency) of<br>Revenues Over Expenditures | <u>(105,666)</u>         | <u>2,312</u>             |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                          |                          |
| Refunding bonds issued                               | 10,085,000               | -                        |
| Issuance premium                                     | 1,772,005                | -                        |
| Payment to refunded bond escrow agent                | (11,747,005)             | -                        |
| Transfers out  | <u>-</u>                 | <u>(100,000)</u>         |
| Total Other Financing Sources (Uses)                 | <u>110,000</u>           | <u>(100,000)</u>         |
| Net Change in Fund Balance                           | 4,334                    | (97,688)                 |
| <b>FUND BALANCE</b>                                  |                          |                          |
| Beginning of Year                                    | <u>319,728</u>           | <u>417,416</u>           |
| End of Year  | <u><u>\$ 324,062</u></u> | <u><u>\$ 319,728</u></u> |

**Blind Brook - Rye Union Free School District, New York**

Permanent Fund  
Comparative Balance Sheet  
June 30,

---

|                      | <u>2015</u>     | <u>2014</u>     |
|----------------------|-----------------|-----------------|
| <b>ASSETS</b>        |                 |                 |
| Cash and equivalents | <u>\$ 3,047</u> | <u>\$ 3,046</u> |
| <b>FUND BALANCE</b>  |                 |                 |
| Nonspendable         | \$ 2,920        | \$ 2,920        |
| Restricted           | <u>127</u>      | <u>126</u>      |
| Total Fund Balance   | <u>\$ 3,047</u> | <u>\$ 3,046</u> |

**Blind Brook - Rye Union Free School District, New York**

Permanent Fund

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

|  | <u>2015</u>            | <u>2014</u>            |
|--|------------------------|------------------------|
| <b>REVENUES</b>                                      |                        |                        |
| Use of money and property                            | \$ 1                   | \$ 4                   |
| <b>EXPENDITURES</b>                                  |                        |                        |
| Current  |                        |                        |
| Instruction  | <u>-</u>               | <u>200</u>             |
| Excess (Deficiency) of<br>Revenues Over Expenditures | 1                      | (196)                  |
| <b>FUND BALANCE</b>                                  |                        |                        |
| Beginning of Year                                    | <u>3,046</u>           | <u>3,242</u>           |
| End of Year  | <u><u>\$ 3,047</u></u> | <u><u>\$ 3,046</u></u> |

**Blind Brook - Rye Union Free School District, New York**

General Fund  
Analysis of Change from Adopted Budget to Final Budget  
Year Ended June 30, 2015

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|                          |                             |
|--------------------------|-----------------------------|
| Adopted Budget           | \$ 42,267,793               |
| Additions - Encumbrances | <u>13,260</u>               |
| Original Budget          | 42,281,053                  |
| Budget Amendments        | <u>55,968</u>               |
| Final Budget             | <u><u>\$ 42,337,021</u></u> |

General Fund  
Section 1318 of Real Property Tax Law Limit Calculation  
Year Ended June 30, 2015

---

|   |                            |
|---|----------------------------|
| 2015-16 Expenditure Budget  | <u>\$ 42,635,896</u>       |
| General Fund Fund Balance Subject to<br>Section 1318 of Real Property Tax Law |                            |
| Unrestricted fund balance   |                            |
| Assigned fund balance   | 1,410,140                  |
| Unassigned fund balance   | <u>1,705,436</u>           |
| Total Unrestricted Fund Balance   | <u>3,115,576</u>           |
| Less  |                            |
| Appropriated for subsequent year's budget                                     | 1,365,000                  |
| Encumbrances  | <u>45,140</u>              |
| Total Adjustments   | <u>1,410,140</u>           |
| General Fund Fund Balance Subject to<br>Section 1318 of Real Property Tax Law | <u><u>\$ 1,705,436</u></u> |
| Actual Percentage   | <u><u>4.00%</u></u>        |



**Blind Brook - Rye Union Free School District, New York**

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

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|  |                      |
|--|----------------------|
| Capital Assets, net                            | \$ 33,029,411        |
| Plus   |                      |
| Unamortized portion of loss on refunding bonds | 169,450              |
| Unexpended debt proceeds                       | 3,055,928            |
| Less   |                      |
| Bonds payable                                  | (15,020,000)         |
| Unamortized portion of premium on bonds        | (2,134,804)          |
| Energy performance contract payable            | <u>(3,070,767)</u>   |
| Net Investment in Capital Assets               | <u>\$ 16,029,218</u> |



**Blind Brook-Rye Union Free School District,  
New York**

Communication of Internal Control Matters Identified in the  
Audit to Those Charged with Governance and Management

June 30, 2015

**Communication of Internal Control Matters Identified in the Audit to  
Those Charged with Governance and Management**

**The Board of Education  
Blind Brook-Rye Union Free School District  
390 North Ridge Street  
Rye Brook, New York 10573**

**Auditors' Communication on Internal Control**

In planning and performing our audit of the basic financial statements of the Blind Brook-Rye Union Free School District, New York ("School District") as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, in Addendum A, we identify other accounting and auditing matters for your information.

This communication and addenda are intended solely for the information and use of the Board of Education and management and are not intended to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these communications and comments in further detail at your convenience, or to assist you in implementing the recommendations.

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**  
Harrison, New York  
September 11, 2015

**O'CONNOR DAVIES, LLP**

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

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## Blind Brook-Rye Union Free School District, New York

### Addendum A

#### Other Matters

- **Governmental Accounting Standards Board (“GASB”) Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”**

In June 2015, GASB issued Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.” This Statement replaces the requirements of GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions”. The key difference in the new standard for New York municipalities and school districts (since New York State has not authorized the establishment of an Other Postemployment Benefit (“OPEB”) trust fund) is that these governments must now report the *total OPEB liability* related to their employees. The prior standard allowed for the amortization of prior service cost over a thirty year period.

The statement requires municipalities and school districts to present more extensive note disclosures and required supplementary information (“RSI”) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than that assumed in the financial statements. The new RSI includes a schedule showing the causes of the increase and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

This new standard parallels the pension standard in GASB Statement No. 68 “Accounting and Financial Reporting for Pensions”. Together, these two new standards provide consistent and comprehensive disclosure for all postemployment benefits. **The provisions of this Statement are effective for fiscal years beginning after June 15, 2017 (i.e., the School District's financial statements for the year ending June 30, 2018).**

- **GASB Statement No. 77 “Tax Abatement Disclosures”**

In August 2015, GASB issued Statement No. 77 “Tax Abatement Disclosures”. The requirements of this Statement are intended to improve financial reporting by providing users of financial statements essential information and disclosure about the nature and magnitude of tax abatements, making these types of transactions more transparent to financial statement users. As a result, users should be better equipped to understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations and the impact those abatements have on a government's financial position and economic condition.

The statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The new disclosures about one's own tax abatement agreements include:

- The purpose of the abatement program
- The tax being abated
- Dollar amount of taxes abated
- Provisions for recapturing abated taxes
- The types of commitments made by tax abatement recipients
- Other commitments made by the entity in tax abatement agreements, such as to build infrastructure assets

**Blind Brook-Rye Union Free School District, New York**

Addendum A

Other Matters

• **GASB Statement No. 77 “*Tax Abatement Disclosures*”** (Continued)

The new disclosures about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues include:

- The name of the government entering into the abatement agreement
- The tax being abated
- Dollar amount of the reporting government's taxes abated

**The provisions of this Statement are effective for fiscal years beginning after December 15, 2015 (i.e., the School District's financial statements for the year ending June 30, 2017).**

## **Blind Brook-Rye Union Free School District, New York**

### **Communication of Matters Identified in the Audit to Those Charged with Governance**

We have audited the financial statements of the Blind Brook-Rye Union Free School District, New York ("School District") as of and for the year ended June 30, 2015, and have issued our report thereon dated September 2, 2015. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated November 12, 2013. This letter provides additional required communications related to our audit.

#### **Our responsibility under professional standards**

Our responsibility is to form and express an opinion about whether the financial statements, which are the responsibility of management, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). Those individuals charged with governance of the School District are responsible for the oversight of the financial reporting process, and our audit does not relieve management and those charged with governance of their respective responsibilities.

Our responsibility for the supplementary information accompanying the financial statements is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

With respect to such supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with US GAAP, the method of preparing it has not changed from the prior year, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

In connection with our audit we performed tests of the School District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective to our tests was not to provide an opinion on compliance with such provisions.

#### **Planned scope and timing of the audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

#### **Qualitative aspects of significant accounting practices**

##### *Significant accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the reporting period that had a significant impact on the financial statements other than the adoption of the provisions of the Governmental Accounting Standards Board ("GASB") Statement Nos. 68, "Accounting and Financial Reporting for Pensions" and 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" as disclosed in the notes to financial

## **Blind Brook-Rye Union Free School District, New York**

### Communication of Matters Identified in the Audit to Those Charged with Governance

#### **Qualitative aspects of significant accounting practices** *(Continued)*

statements. No matters have come to our attention that would require us to inform you about (1) the methods used to account for significant unusual transactions, and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant accounting estimates*

Accounting estimates made by management are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Actual results could differ from those estimates.

Certain accounting estimates are particularly sensitive because of their significance to financial statements and their susceptibility to change, such as:

- Actuarial assumptions related to the Other Post Employment Benefit Obligations ("OPEB")
- Actuarial assumptions and proportionate share calculations related to pension obligations
- Asset lives for depreciable capital assets
- Estimates of certain receivable balances and allowances for uncollectible amounts
- Estimates for certain operating and long-term liabilities

Management believes that the estimates used and assumptions made are adequate based on the information currently available. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements as a whole.

#### *Financial statement disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements relate to:

- Pension plan information
- Other post employment benefit obligations payable
- Outstanding bonded indebtedness
- Fund balances

The financial statement disclosures are consistent and clear.

#### **Significant difficulties encountered during the audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

#### **Uncorrected and corrected misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management.



## **Blind Brook-Rye Union Free School District, New York**

### **Communication of Matters Identified in the Audit to Those Charged with Governance**

#### **Uncorrected and corrected misstatements *(Continued)***

We are required to communicate to you misstatements that remain uncorrected, including any related to prior periods, and the effect, if any, that they may have on the opinion in our report, and request their correction. There are no such financial statement misstatements that remain uncorrected.

In addition, we are required to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The adjusting journal entries following this communications letter summarize the material misstatements that were corrected by management.

#### **Disagreements with management**

For purposes of this letter, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of the audit.

#### **Representations requested from management**

We have requested certain written representations from management in a separate letter dated September 2, 2015.

#### **Management's consultations with other accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

#### **Other matters discussed with management**

We generally discuss with management a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the School District, and plans and strategies that may affect the risks of material misstatement. None of the matters discussed and our responses thereto were a condition to our retention as auditors.

#### **Auditor independence**

We affirm that O'Connor Davies, LLP is independent with respect to the School District in accordance with professional standards.

This communication is intended solely for the information and use of the Board of Education and management of the School District, is not intended to be, and should not be used by anyone other than these specified parties.

Client: 545995.001 - BLIND BROOK - RYE UNION FREE SCHOOL DISTRICT, NEW YORK

Engagemen 545995.001 - BLIND BROOK - RYE UNION FREE SCHOOL DISTRICT, NEW YORK

Period Endii 6/30/2015

Workpaper: 7195.07 - Debt Service - AJE Report

| Account | Description | W/P Ref | Debit | Credit |
|---------|-------------|---------|-------|--------|
| Account | Description | W/P Ref | Debit | Credit |

**Adjusting Journal Entries JE # 1**

9100.01

to record refunding bond activity

|       |                         |  |                      |                      |
|-------|-------------------------|--|----------------------|----------------------|
| V5032 | PAYMENT TO ESCROW AGENT |  | 11,747,005.00        |                      |
| V5033 | ISSUANCE COSTS          |  | 110,000.00           |                      |
| V2400 | REFUNDING BONDS ISSUED  |  |                      | 10,085,000.00        |
| V2402 | ISSUANCE PREMIUM        |  |                      | 1,772,005.00         |
| Total |                         |  | <u>11,857,005.00</u> | <u>11,857,005.00</u> |

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**Blind Brook–Rye Union Free School District  
School Business Office  
390 North Ridge Street  
Rye Brook, NY 10573**

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TO: Members of the School Board

FROM: Jonathan Ross

RE: **External Auditors' Management Letter and Audit Report  
Year Ending June 30, 2015**

DATE: September 18, 2015

Enclosed herewith for your review is a copy of the management letter dated 9/11/15 that corresponds to the 2015 Financial Statements/Auditors' Report (also enclosed), submitted by the District's auditing firm, O'Connor Davies LLP (ODPKF). I have carefully considered the contents of the letter and find it noteworthy that no deficiencies in internal control were identified. Accordingly, I am not recommending any corrective actions at this time.

In Addendum A, the auditors review GASB Statement 75 requirements related to the new reporting requirements of governments that provide their employees with postemployment benefits other than pensions, which become effective in 2017-2018. Additionally, the auditors review GASB Statement 77 requirements as they relate to tax abatement disclosures, which become effective in 2016-2017. While I do not expect this Statement to impact our School District in the short term, it could someday if the Board enters into PILOT agreements in the future. Both of these matters are included in the management letter for informational purposes.

In summary, I believe the financial statements and audit report prepared by ODPKF for the year ending 6/30/15 represent that the District is in satisfactory financial condition and that it has effective internal controls in place in its business office. A copy of this memo and audit materials will be forwarded to members of the Audit Committee and a meeting of the Committee scheduled to discuss the report with Scott Oling, Partner at ODPKF. For now, Scott is scheduled to attend the October Board Meeting to discuss the audit report with the Board in public session.

Please be sure to read the Management Discussion and Analysis section of the report. If you have any questions or suggestions that might help our business office function with greater operating efficiency please let me know.

Enclosure