

East Ramapo Central School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2016

East Ramapo Central School District, New York

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - Governmental Funds	15
Reconciliation of Governmental Funds Balance Sheet to the District- Wide Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Aid Funds	21
Statement of Assets and Liabilities - Fiduciary Fund	23
Notes to Financial Statements	24
Required Supplementary Information	
Other Post Employment Benefits	
Schedule of Funding Progress - Last Three Fiscal Years	55
New York State Teachers' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability	56
Schedule of Contributions	57
New York State and Local Employees' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability	58
Schedule of Contributions	59
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	60
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	61
Schedule of Revenues and Other Financing Sources Compared to Budget	63
Schedule of Expenditures and Other Financing Uses Compared to Budget	65
Special Aid Fund	
Comparative Balance Sheet	69
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	70
Capital Projects Fund	
Comparative Balance Sheet	72
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance Project-Length Schedule	73
	74

East Ramapo Central School District, New York

Table of Contents (Concluded)

	<u>Page No.</u>
Non-Major Governmental Funds	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	78
School Lunch Fund	
Comparative Balance Sheet	80
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	81
Special Purpose Fund	
Comparative Balance Sheet	82
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	83
Debt Service Fund	
Comparative Balance Sheet	84
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	85
Supplementary Information	
Analysis of Change from Adopted Budget to Final Budget	86
Section 1318 of Real Property Tax Law Limit Calculation	86
Schedule of Net Investment in Capital Assets	87
Federal Programs	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	88
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	90
Schedule of Expenditures of Federal Awards	92
Notes to Schedule of Expenditures of Federal Awards	93
Schedule of Findings and Questioned Costs	94
Summary Schedule of Prior Audit Findings	95



Independent Auditors' Report

The Board of Education of the
East Ramapo Central School District, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the East Ramapo Central School District, New York ("School District") as of and for the year ended June 30, 2016, 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 School District'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 School District'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, 2016, and the respective changes in financial position and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2016 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.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
October 5, 2016

East Ramapo Central School District, New York

Management's Discussion and Analysis (MD&A) June 30, 2016

Introduction

The discussion and analysis of the East Ramapo Central School District's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2016 are as follows:

- The School District's General Fund reported unassigned fund balance at June 30, 2016 of \$4,150,436, an increase of \$2,747,868 from the unassigned balance of \$1,402,568 reported at June 30, 2015. This was as a result of expenditures coming in less than budgeted by \$1.3 million and revenues exceeding budgetary estimates by \$1.4 million.
- As of June 30, 2016, the total fund balance of the General Fund was \$5,158,290. A portion of this fund balance, \$170,886 is reflected as nonspendable to indicate the amounts advanced to the Capital Projects Fund that are not expected to be reimbursed from state aid. The General Fund also reflects a restricted fund balance component totaling \$101,744 for funds set aside for self-insured obligations and \$735,224 set aside to satisfy open purchase orders (i.e encumbrances).
- It should be noted that New York State law allows a School District to maintain up to 4% of the ensuing year's budget, exclusive of the amount assigned for the subsequent year's budget, as unassigned fund balance. For this School District, that amount would be approximately \$8.97 million. At June 30, 2016, the School District has \$4,150,436, or 1.84%, of its subsequent year's budget reflected in unassigned fund balance.
- For cash flow purposes, the School District borrowed \$15 million in anticipation of the receipt of taxes to be levied for the fiscal year ending June 30, 2016. The note was dated July 20, 2015 with a maturity date of October 29, 2015. This obligation, with interest, was satisfied on time during the fiscal year.
- During the current fiscal year, the School District retired \$2,165,000 of serial bonds issued in previous years for various capital projects and tax certiorari obligations. The School District also retired \$878,012 of energy performance contract debt.
- The School District budget was approved by the voters for fiscal year 2015-16.
- 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 \$90,016,247. The School District's total net position decreased by \$630,080 for the year ended June 30, 2016. 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, 2016, the School District's OPEB obligations of \$164,939,748 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, E in the notes to financial statements.

- The district-wide financial statements for the year ended June 30, 2016 are also significantly impacted by the provisions of GASB Statement No. 68. This pronouncement established 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 these 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, 2016, the School District reported in its Statement of Net Position a liability of \$8,866,541 for its proportionate share of the ERS net pension liability, while also reporting a pension asset of \$57,131,374 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, E in the notes to financial statements.

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 are comprised of 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 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, deferred outflows of resources, liabilities and deferred inflows 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, community services, cost of food sales, other, interest and general 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 School District'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 six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund and Capital Projects 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 Fund, Special Aid Fund and Capital Projects Fund, 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 Fund and Special Aid Fund. A budgetary comparison statement has been provided for these major 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. In the case of the East Ramapo Central School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$90,016,247 at the close of the current fiscal year.

Net Position

	June 30,	
	2016	2015
Current Assets	\$ 88,418,839	\$ 87,686,284
Capital Assets, net	31,998,482	35,233,014
Total Assets	120,417,321	122,919,298
Deferred Outflows of Resources	21,059,552	16,271,022
Current Liabilities	24,670,942	25,679,590
Long-term Liabilities	185,314,506	162,842,700
Total Liabilities	209,985,448	188,522,290
Deferred Inflows of Resources	21,507,672	40,054,197
Net Position		
Net Investment in Capital Assets	24,279,372	24,198,587
Restricted		
Capital Projects	68,160	2,560
Debt Service	920,832	1,136,777
Insurance	101,744	101,715
School Lunch	435,544	71,342
Special Purposes	280,182	286,020
Unrestricted	(116,102,081)	(115,183,168)
Total Net Position	\$ (90,016,247)	\$ (89,386,167)

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 listed above constitute \$1,806,462 of net position and are comprised of amounts restricted for specific purposes, i.e., payments of debt service, workers' compensation, etc. The remaining balance represents an unrestricted net deficit of \$116,102,081. This deficit results mainly from the accrual of the School District's other post employment benefit obligation aggregating \$164,939,748 as of June 30, 2016.

Change in Net Position

	June 30,	
	2016	2015
REVENUES		
Program revenues		
Charges for services	\$ 3,023,163	\$ 2,910,093
Operating grants and contributions	41,694,761	38,931,795
Capital grants and contributions	621	740
Total Program Revenues	44,718,545	41,842,628
General revenues		
Real property taxes	130,069,855	128,545,097
Other tax items	16,898,412	16,621,739
Unrestricted use of money and property	145,231	106,087
Gain on sale of real property	-	8,267,709
Sale of property and compensation for loss	136,138	79,810
Unrestricted State aid	61,818,258	56,005,261
Miscellaneous	1,869,874	1,716,341
Total General Revenues	210,937,768	211,342,044
Total Revenues	255,656,313	253,184,672
EXPENSES		
General support	24,531,469	24,464,172
Instruction	193,793,623	185,312,804
Pupil transportation	32,987,424	30,477,414
Community service	124,147	123,367
Cost of food sales	4,456,637	4,189,778
Other	23,376	20,117
Debt service - interest	369,717	393,902
Total Expenses	256,286,393	244,981,554
Change in Net Position	(630,080)	8,203,118
NET POSITION		
Beginning, as reported	(89,386,167)	(112,457,905)
Cumulative Effect of Change in Accounting Principle	-	14,868,620
Beginning, as restated	(89,386,167)	(97,589,285)
Ending	\$ (90,016,247)	\$ (89,386,167)

The major changes are as follows:

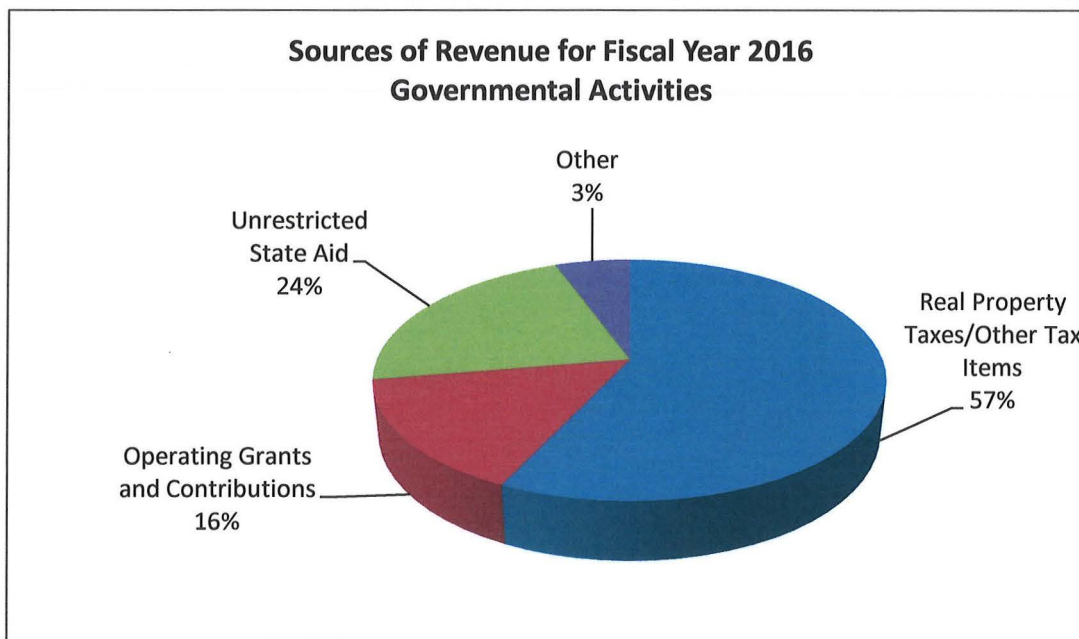
Revenues:

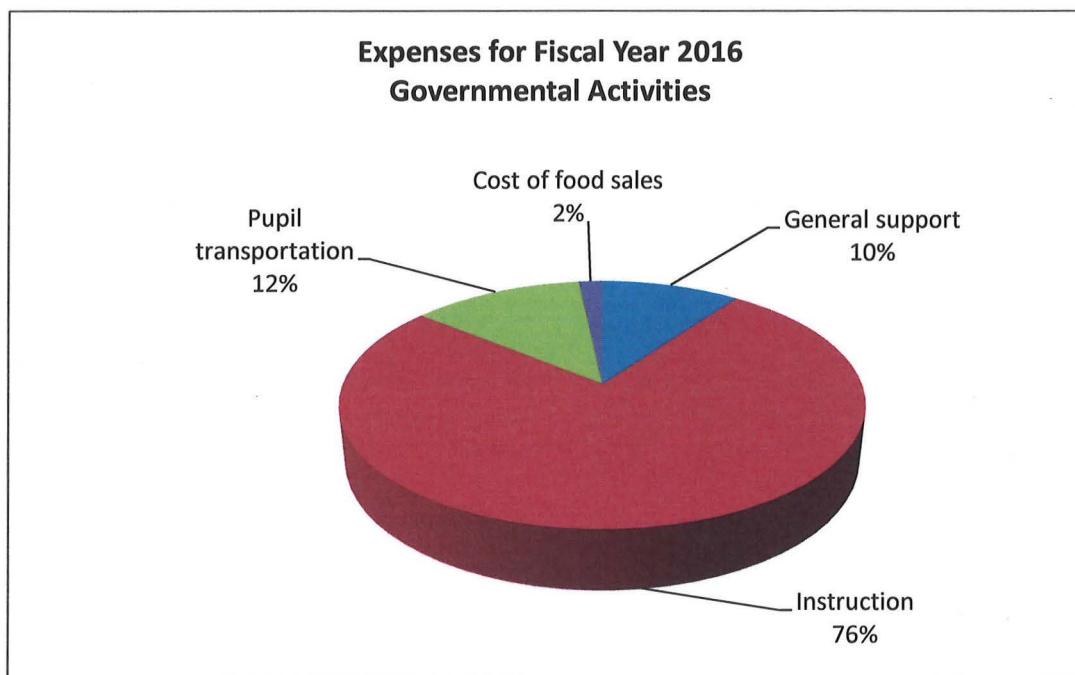
- Real property taxes and other tax items (including the STAR program) increased by \$1,801,431 from \$145,166,836 in 2014-15 to \$146,968,267 in 2015-16, an increase of about 1.25% due to a higher tax levy.
- Unrestricted State Aid to the School District increased by \$5,812,997 from \$56,005,261 in 2014-15 to \$61,818,258 in 2015-16, an increase of 10.4% mainly driven by enrollment driven State aid and the continued reduction of the Gap Elimination Adjustment (“GEA”).
- In the prior year, the School District sold the Hillcrest and Colton Elementary schools for a net gain of \$8,267,709. No similar sales occurred in the current fiscal year.

Expenses:

- Instruction expenses at \$193,793,623 increased from \$185,312,804 in 2014-15. The increase is due to hiring additional staff in regular and special education areas, pupil services and contractual salary increases.

As indicated on the following charts, the School District relies upon real property taxes and other tax items as its primary revenue source (57%) and Unrestricted State Aid as its secondary source of revenue (24%). The School District’s instruction costs accounted for 76% of its expenses.





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.

Fund Balance Reporting

GASB issued Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in February 2009. The requirements of Statement No. 54 became effective for financial statements for periods 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 either inherently nonspendable in the current period, 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 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 School District'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.

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, *unassigned fund balance* may serve as a useful measure of a School District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported positive combined fund balances of \$6,632,122 compared to a fund balance of \$3,664,068 in the prior year. Of this amount, \$217,074 is in nonspendable form (\$170,886 for advances to the Capital Projects Fund and \$46,188 for inventories) while \$1,089,856 is restricted for various purposes (\$101,744 for self-insured insurance purposes, \$707,930 for debt service purposes and \$280,182 for special purposes). Another \$1,337,482 is assigned (\$735,224 to fund open purchase orders at the end of the fiscal year, \$212,902 of the debt service fund balance to offset debt service costs in 2016-17 and \$389,356 for school lunch purposes). The remaining fund balance of \$3,987,710 is unassigned (\$4,150,436 in the General Fund available for any lawful purpose partially offset by a deficit of \$162,726 in the Capital Projects Fund).

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$4,150,436. This compared to an unassigned fund balance of \$1,402,568 at the end of the prior fiscal year. The current fund balance position was improved as a result of higher than expected revenues and lower than budgeted expenditures in tax refunds and medical insurance.

Instruction expenditures in the General Fund increased from \$141,808,748 at June 30, 2015 to \$148,248,889 at June 30, 2015, an increase of 4.54%. This was due to the hiring of additional regular and special education teachers and to contractual salary increases (cost of living adjustment plus step increases).

More detailed information about the School District's governmental fund balances is presented in note 3H in the notes to financial statements.

General Fund Budgetary Highlights

The original, voter approved adopted budget of \$218,226,651 was increased by \$723,086 as a result of the rollover of prior year encumbrances for a total original budget of \$218,949,737. The budget was further revised for \$7,000 in unanticipated revenues. As a result, the final budget totaled \$218,956,737.

Actual revenues and other financing sources exceeded budgetary expectations by \$1,379,484 primarily as a result of higher than expected tuition collections and State aid from prior years. Expenditures and other financing uses were \$1,308,413 less than budgetary expectations, or less than 1% of the total appropriation budget. Most of these savings were realized in the employee benefits area of the budget, with savings realized in the health benefits appropriation and tax refunds.

Capital Assets

At June 30, 2016, the School District had capital assets of \$31,998,482 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 reflected below.

	June 30,	
	2016	2015
Land	\$ 7,764,601	\$ 7,764,601
Construction-in-progress	64,400	-
Buildings and improvements	23,410,304	26,485,074
Machinery and equipment	759,177	983,339
	<u>\$ 31,998,482</u>	<u>\$ 35,233,014</u>

More detailed information about the District's capital assets is presented in note 3B 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,	
	2016	2015
Bonds payable	\$ 6,801,513	\$ 9,088,028
Energy performance contract	1,146,804	2,024,816
Compensated absences	697,049	695,315
Claims	169,672	190,881
Net pension liability	8,866,541	1,808,655
Retirement incentives and other pension obligations	2,693,179	1,872,765
Other postemployment benefits	164,939,748	147,162,240
	<u>\$ 185,314,506</u>	<u>\$ 162,842,700</u>

The net pension liability of \$8,866,541 represents the School District's proportionate share of the net pension liability of the New York State and Local Employees' 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".

The School District's obligations payable for post-employment benefits increased by approximately \$17.8 million to about \$164.9 million. This liability is expected to continue to increase since there is no mechanism currently in place under state law to allow for the advance funding of this obligation.

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

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:

East Ramapo Central School District
Attn: Valter Paci
Assistant Superintendent for Finance
105 S. Madison Avenue
Spring Valley, New York 10977

East Ramapo Central School District, New York

Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 19,085,377
Investments	312,360
Receivables	
Accounts	670,290
State and Federal aid	10,818,154
Due from other governments	355,096
Inventories	46,188
Net pension asset	57,131,374
Capital assets	
Not being depreciated	7,829,001
Being depreciated, net	<u>24,169,481</u>
 Total Assets	 <u>120,417,321</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>21,059,552</u>
 LIABILITIES	
Accounts payable	10,228,794
Accrued liabilities	1,263,028
Due to other governments	68,150
Due to retirement systems	12,949,721
Unearned revenue	145,650
Accrued interest payable	15,599
Non-current liabilities	
Due within one year	3,437,074
Due in more than one year	<u>181,877,432</u>
 Total Liabilities	 <u>209,985,448</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>21,507,672</u>
 NET POSITION	
Net investment in capital assets	24,279,372
Restricted	
Capital projects	68,160
Debt service	920,832
Insurance	101,744
School lunch	435,544
Special purposes	280,182
Unrestricted	<u>(116,102,081)</u>
 Total Net Position	 <u>\$ (90,016,247)</u>

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

(This page intentionally left blank)

East Ramapo Central School District, New York

Statement of Activities
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 24,531,469	\$ 505,664	\$ 29	\$ -	\$ (24,025,776)
Instruction	193,793,623	2,171,003	37,422,846	-	(154,199,774)
Pupil transportation	32,987,424	11,840	-	-	(32,975,584)
Community services	124,147	-	-	-	(124,147)
Cost of food sales	4,456,637	334,656	4,254,348	-	132,367
Other	23,376	-	17,538	-	(5,838)
Interest	369,717	-	-	621	(369,096)
Total Governmental Activities	\$ 256,286,393	\$ 3,023,163	\$ 41,694,761	\$ 621	(211,567,848)
General revenues					
Real property taxes					130,069,855
Other tax items					
School tax relief reimbursement					16,527,120
Payments in lieu of taxes					371,292
Unrestricted use of money and property					145,231
Sale of property and compensation of loss					136,138
Unrestricted State aid					61,818,258
Miscellaneous					1,869,874
Total General Revenues					210,937,768
Change in Net Position					(630,080)
Net Position - Beginning					(89,386,167)
Net Position - Ending					\$ (90,016,247)

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

East Ramapo Central School District, New York

Balance Sheet
 Governmental Funds
 June 30, 2016

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 15,230,990	\$ 2,005,635	\$ 124,867
Investments	40,654	144	5
Receivables			
Accounts	668,402	1,888	-
State and Federal aid	2,900,485	7,586,004	-
Due from other governments	355,096	-	-
Due from other funds	8,881,243	-	-
Advances to other funds	170,886	-	-
Inventories	-	-	-
Total Assets	<u>\$ 28,247,756</u>	<u>\$ 9,593,671</u>	<u>\$ 124,872</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 8,727,366	\$ 1,183,497	\$ 64,400
Accrued liabilities	1,198,579	64,449	-
Due to other governments	68,150	-	-
Due to retirement systems	12,949,721	-	-
Unearned revenues	145,650	-	-
Due to other funds	-	8,345,725	52,312
Advances from other funds	-	-	170,886
Total Liabilities	<u>23,089,466</u>	<u>9,593,671</u>	<u>287,598</u>
Fund balances (deficits)			
Nonspendable	170,886	-	-
Restricted	101,744	-	-
Assigned	735,224	-	-
Unassigned	4,150,436	-	(162,726)
Total Fund Balances (Deficits)	<u>5,158,290</u>	<u>-</u>	<u>(162,726)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 28,247,756</u>	<u>\$ 9,593,671</u>	<u>\$ 124,872</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 1,723,885	\$ 19,085,377
271,557	312,360
-	670,290
331,665	10,818,154
-	355,096
21	8,881,264
-	170,886
46,188	46,188
<u>\$ 2,373,316</u>	<u>\$ 40,339,615</u>

\$ 253,531	\$ 10,228,794
-	1,263,028
-	68,150
-	12,949,721
-	145,650
483,227	8,881,264
-	170,886
<u>736,758</u>	<u>33,707,493</u>

46,188	217,074
988,112	1,089,856
602,258	1,337,482
-	3,987,710
<u>1,636,558</u>	<u>6,632,122</u>
<u>\$ 2,373,316</u>	<u>\$ 40,339,615</u>

(This page intentionally left blank)

East Ramapo Central School District, New York

Reconciliation of Governmental Funds Balance Sheet to
the District-Wide Statement of Net Position
June 30, 2016

Fund Balances - Total Governmental Funds	\$ 6,632,122
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>31,998,482</u>
Governmental funds do not report the effect of losses on refunding bonds 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	39,207
Deferred amounts on net pension assets (liabilities)	<u>(487,327)</u>
	<u>(448,120)</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension assets	<u>57,131,374</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(15,599)
Bonds payable	(6,801,513)
Energy performance contract payable	(1,146,804)
Compensated absences	(697,049)
Claims payable	(169,672)
Net pension liability	(8,866,541)
Retirement incentives and other pension obligations	(2,693,179)
Other post employment benefit obligations payable	<u>(164,939,748)</u>
	<u>(185,330,105)</u>
Net Position of Governmental Activities	<u>\$ (90,016,247)</u>

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

East Ramapo Central School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2016

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 130,069,855	\$ -	\$ -
Other tax items	16,898,412	-	-
Charges for services	2,182,843	-	-
Use of money and property	650,924	-	-
Sale of property and compensation for loss	136,138	-	-
State aid	66,511,944	9,078,588	-
Federal aid	1,076,579	22,536,889	-
Food sales	-	-	-
Miscellaneous	1,869,874	37,104	-
Total Revenues	219,396,569	31,652,581	-
EXPENDITURES			
Current			
General support	18,164,697	-	-
Instruction	116,060,733	32,188,156	-
Pupil transportation	31,139,051	-	-
Community services	74,096	-	-
Employee benefits	47,086,279	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	3,043,012	-	-
Interest	462,112	-	-
Capital outlay	-	-	64,400
Total Expenditures	216,029,980	32,188,156	64,400
Excess (Deficiency) of Revenues Over Expenditures	3,366,589	(535,575)	(64,400)
OTHER FINANCING SOURCES (USES)			
Transfers in	216,566	535,575	190,000
Transfers out	(883,120)	-	-
Total Other Financing Sources (Uses)	(666,554)	535,575	190,000
Net Change in Fund Balances	2,700,035	-	125,600
FUND BALANCES (DEFICITS)			
Beginning of Year	2,458,255	-	(288,326)
End of Year	<u>\$ 5,158,290</u>	<u>\$ -</u>	<u>\$ (162,726)</u>

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 130,069,855
-	16,898,412
-	2,182,843
1,213	652,137
-	136,138
120,511	75,711,043
4,133,694	27,747,162
334,656	334,656
17,089	1,924,067
4,607,163	255,656,313
-	18,164,697
-	148,248,889
-	31,139,051
-	74,096
-	47,086,279
4,382,347	4,382,347
23,376	23,376
-	3,043,012
-	462,112
-	64,400
4,405,723	252,688,259
201,440	2,968,054
157,545	1,099,686
(216,566)	(1,099,686)
(59,021)	-
142,419	2,968,054
1,494,139	3,664,068
\$ 1,636,558	\$ 6,632,122

(This page intentionally left blank)

East Ramapo Central School District, New York

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2016

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

Net Change in Fund Balances - Total Governmental Funds \$ 2,968,054

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

Capital outlay expenditures	109,996
Depreciation expense	<u>(3,344,528)</u>
	<u>(3,234,532)</u>

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

Principal paid on serial bonds	2,165,000
Principal paid on energy performance contracts	878,012
Amortization of loss on refunding bonds and issuance premium	<u>82,305</u>
	<u>3,125,317</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	10,090
Compensated absences	(1,734)
Claims payable	21,209
Retirement incentives and other pension obligations	(820,414)
Pension assets (liabilities)	15,079,438
Other post employment benefit obligations	<u>(17,777,508)</u>
	<u>(3,488,919)</u>

Change in Net Position of Governmental Activities \$ (630,080)

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

East Ramapo Central School District, New York

Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget And Actual
General and Special Aid Funds
Year Ended June 30, 2016

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 130,333,424	\$ 130,333,424	\$ 130,069,855	\$ (263,569)
Other tax items	16,810,913	16,810,913	16,898,412	87,499
Charges for services	1,585,000	1,585,000	2,182,843	597,843
Use of money and property	535,944	535,944	650,924	114,980
Sale of property and compensation for loss	71,000	71,000	136,138	65,138
State aid	66,360,433	66,360,433	66,511,944	151,511
Federal aid	900,000	900,000	1,076,579	176,579
Miscellaneous	1,413,371	1,420,371	1,869,874	449,503
Total Revenues	218,010,085	218,017,085	219,396,569	1,379,484
EXPENDITURES				
Current				
General support	19,840,850	19,168,399	18,164,697	1,003,702
Instruction	116,252,163	116,699,582	116,060,733	638,849
Pupil transportation	29,205,440	31,142,134	31,139,051	3,083
Community services	77,364	74,096	74,096	-
Employee benefits	49,411,296	47,468,259	47,086,279	381,980
Debt service				
Principal	3,034,489	3,043,012	3,043,012	-
Interest	478,135	478,135	462,112	16,023
Total Expenditures	218,299,737	218,073,617	216,029,980	2,043,637
Excess (Deficiency) of Revenues Over Expenditures	(289,652)	(56,532)	3,366,589	3,423,121
OTHER FINANCING SOURCES (USES)				
Transfers in	216,566	216,566	216,566	-
Transfers out	(650,000)	(883,120)	(883,120)	-
Total Other Financing Sources (Uses)	(433,434)	(666,554)	(666,554)	-
Net Change in Fund Balances	(723,086)	(723,086)	2,700,035	3,423,121
FUND BALANCES				
Beginning of Year	723,086	723,086	2,458,255	1,735,169
End of Year	\$ -	\$ -	\$ 5,158,290	\$ 5,158,290

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

Special Aid Fund

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
9,632,013	10,473,992	9,078,588	(1,395,404)
27,092,084	31,550,557	22,536,889	(9,013,668)
88,000	88,000	37,104	(50,896)
<u>36,812,097</u>	<u>42,112,549</u>	<u>31,652,581</u>	<u>(10,459,968)</u>
-	-	-	-
37,272,097	42,648,124	32,188,156	10,459,968
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>37,272,097</u>	<u>42,648,124</u>	<u>32,188,156</u>	<u>10,459,968</u>
<u>(460,000)</u>	<u>(535,575)</u>	<u>(535,575)</u>	<u>-</u>
460,000	535,575	535,575	-
-	-	-	-
<u>460,000</u>	<u>535,575</u>	<u>535,575</u>	<u>-</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

East Ramapo Central School District, New York

Statement of Assets and Liabilities
Fiduciary Fund
June 30, 2016

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 1,132,360
Investments	<u>20,314</u>
Total Assets	<u><u>\$ 1,152,674</u></u>
LIABILITIES	
Accounts payable	\$ 523,026
Employee payroll deductions	418,866
Escrow deposits	83,704
Student activity funds	<u>127,078</u>
Total Liabilities	<u><u>\$ 1,152,674</u></u>

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

East Ramapo Central School District, New York

Notes to Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Policies

The East Ramapo Central 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 Rockland County Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary 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 districts' 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 Rockland County BOCES, 65 Parrott Road, West Nyack, New York 10994-0607.

B. District-Wide Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains 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, State or local funds. The major revenues of this fund are Federal and State 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 breakfast and lunch programs 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.

- b. Fiduciary Funds (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 payroll tax withholdings and other 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 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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, certain claims, net pension liabilities, retirement incentives and other pension obligations 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, Investments and Risk Disclosure

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

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

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

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2016.

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments - The School District participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. In accordance with the provisions of General Municipal Law, Article 3A, CLASS has designated Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies. The amount represents the amortized cost of the cooperative shares and is considered to approximate fair value. The School District's position in the pool is equal to the value of the pool shares. Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 999 18th Street, Suite 1230, Denver, CO 80202.

CLASS is rated AAAM by Standard & Poor's ratings. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

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

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are payable on September 1st. The various towns which are included in the levy are responsible for the billing and collection of the taxes through November 1st of the tax year at which time collection responsibility is transferred to the County of Rockland, New York ("County"). The County 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, 2016, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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

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

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

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

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

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$145,650 for lease payments received in advance in the General 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 \$39,207 for a deferred loss on refunding bonds in the district-wide Statement of Net Position. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is being deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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 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 includes net investment in capital assets, restricted for capital projects, debt service, insurance, school lunch and special purposes. The balance is classified as unrestricted.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or 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 entity 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 the amounts assigned for balancing the subsequent year's budget or delegated to the Assistant Superintendent for Business 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 other 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 this amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumptions must be made about the order in which the resources are considered to be applied. When both restricted and

Note 1 - Summary of Significant Accounting Policies (Continued)

unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as unassigned 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 October 5, 2016.

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) The Board of Education holds several public budget development workshops attended by interested members of the community.
- b) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- c) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- d) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- e) The voters are permitted to vote upon the General Fund budget at the annual meeting.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- f) 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.
- g) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- h) The 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 or Debt Service funds.
- i) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts in excess of 10% of the original appropriation, 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.
- j) 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

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

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 2 - Stewardship, Compliance and Accountability (Continued)

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. Capital Projects Fund Deficit

The unassigned deficit of \$162,726 in the Capital Projects Fund arises because of expenditures exceeding current financing on the projects. This deficit will be eliminated with the subsequent receipt of authorized financing.

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds and Advances To/From Other Funds

The composition of interfund balances at June 30, 2016 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 8,881,243	\$ -
Special Aid	-	8,345,725
Capital Projects	-	52,312
Non-Major Governmental	21	483,227
	<u>\$ 8,881,264</u>	<u>\$ 8,881,264</u>

<u>Fund</u>	<u>Advances To</u>	<u>Advances From</u>
General	\$ 170,886	\$ -
Capital Projects	-	170,886
	<u>\$ 170,886</u>	<u>\$ 170,886</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.

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

B. Capital Assets

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

Class	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets, not being depreciated:				
Land	\$ 7,764,601	\$ -	\$ -	\$ 7,764,601
Construction-in-progress	-	64,400	-	64,400
Total Capital Assets, not being depreciated	\$ 7,764,601	\$ 64,400	\$ -	\$ 7,829,001
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 84,851,729	\$ -	\$ 49,596	\$ 84,802,133
Machinery and Equipment	8,818,246	45,596	2,073,873	6,789,969
Total Capital Assets, being depreciated	93,669,975	45,596	2,123,469	91,592,102
Less Accumulated Depreciation for:				
Buildings and Improvements	58,366,655	3,074,770	49,596	61,391,829
Machinery and Equipment	7,834,907	269,758	2,073,873	6,030,792
Total Accumulated Depreciation	66,201,562	3,344,528	2,123,469	67,422,621
Total Capital Assets, being depreciated, net	\$ 27,468,413	\$ (3,298,932)	\$ -	\$ 24,169,481
Capital Assets, net	\$ 35,233,014	\$ (3,234,532)	\$ -	\$ 31,998,482

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

General Support	\$ 129,232
Instruction	3,002,055
Pupil Transportation	138,951
Cost of Food Sales	74,290
Total Depreciation Expense	\$ 3,344,528

C. Accrued Liabilities

Accrued liabilities at June 30, 2016 were as follows:

	Fund		Total
	General	Special Aid	
Payroll and employee benefits	\$ 710,332	\$ 64,449	\$ 774,781
Other	488,247	-	488,247
	\$ 1,198,579	\$ 64,449	\$ 1,263,028

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

D. Short-Term Non-Capital Borrowings

The schedule below details the changes in short-term non-capital borrowings. These borrowings consisted of notes issued in anticipation of the collection of real property taxes.

Purpose	Date of Original Issue	Maturity Date	Interest Rate	Balance July 1, 2015	New Issues	Redemptions	Balance June 30, 2016
Tax Anticipation Notes	7/20/15	10/29/2015	- %	\$ -	\$ 15,000,000	\$ 15,000,000	\$ -

Interest expenditures/expense of \$82,500 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

E. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2016:

	Balance July 1, 2015	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2016	Due Within One-Year
Bonds Payable:					
Capital Construction	\$ 8,565,000	\$ -	\$ 2,075,000	\$ 6,490,000	\$ 2,130,000
Judgments and Claims	280,000	-	90,000	190,000	95,000
	8,845,000	-	2,165,000	6,680,000	2,225,000
Plus - Unamortized Premium on Bonds	243,028	-	121,515	121,513	-
	9,088,028	-	2,286,515	6,801,513	2,225,000
Energy Performance Contract Payable	2,024,816	-	878,012	1,146,804	912,947
Other Non-current Liabilities:					
Compensated Absences	695,315	71,734	70,000	697,049	70,000
Claims Payable	190,881	-	21,209	169,672	21,209
Net Pension Liability	1,808,655	7,057,886	-	8,866,541	-
Retirement Incentives and Other Pension Obligations	1,872,765	956,005	135,591	2,693,179	207,918
Other Post Employment Benefit Obligations Payable	147,162,240	27,735,533	9,958,025	164,939,748	-
Total Other Non-current Liabilities	151,729,856	35,821,158	10,184,825	177,366,189	299,127
Total Long-Term Liabilities	\$ 162,842,700	\$ 35,821,158	\$ 13,349,352	\$ 185,314,506	\$ 3,437,074

The School District's indebtedness for bonds, energy performance contract debt, compensated absences, claims payable, net pension liability, retirement incentives and other pension obligations and other post-employment benefit obligations is satisfied by the General Fund.

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Bonds Payable

Bonds payable at June 30, 2016 are comprised of the following individual issues:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at June 30, 2016</u>
Refunding Bonds	2011	\$ 8,280,000	May, 2017	5.00 %	\$ 1,535,000
Various District Improvements	2012	7,180,000	June, 2025	2.75 - 3.00	4,955,000
Real Property Tax Refunds	2013	364,873	June, 2018	1.50 - 2.00	190,000
					<u>\$ 6,680,000</u>

Interest expenditures of \$313,025 were recorded in the fund financial statements in the General Fund. Interest expense of \$220,630 was recorded in the district-wide financial statements.

Energy Performance Contracts Payable

The School District, in May 2006, entered into two contractual agreements to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contracts provide for repayment over ten years, with one contract including interest at 3.85% and the other contract including interest at 4.16%. The balance due on these contracts at June 30, 2016 was \$1,146,804. Interest expenditures/expense of \$66,587 was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonds and energy performance contract debt outstanding at June 30, 2016, including interest payments of \$755,346 are as follows:

<u>Year Ended June 30,</u>	<u>Bonds</u>		<u>Energy Performance Contract</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,225,000	\$ 220,863	\$ 912,947	\$ 31,652	\$ 3,137,947	\$ 252,515
2018	705,000	126,325	233,857	2,293	938,857	128,618
2019	630,000	107,650	-	-	630,000	107,650
2020	645,000	90,325	-	-	645,000	90,325
2021	665,000	72,588	-	-	665,000	72,588
2022-2025	1,810,000	103,650	-	-	1,810,000	103,650
	<u>\$ 6,680,000</u>	<u>\$ 721,401</u>	<u>\$ 1,146,804</u>	<u>\$ 33,945</u>	<u>\$ 7,826,804</u>	<u>\$ 755,346</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.

Note 3 - Detailed Notes on All Funds (Continued)

Compensated Absences

Non-instructional employees earn vacation after the completion of one year of service. As a result, these employees are owed vacation time for the previous year. Upon separation of service, these employees are compensated for any unused vacation days earned in the previous year. The value of the compensated absences has been reflected in the district-wide financial statements.

Claims Payable

Claims payable reflects a liability of \$169,672 for court ordered tax certiorari refunds, which were not due and payable at year-end. These amounts have been recorded as an expense 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 may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2016 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
1 75I	25.2%
2 75I	23.2
3 A14	18.9
4 A15	18.9
5 A15	15.6
6 A15	10.6

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

At June 30, 2016, the School District reported a liability of \$8,866,541 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on 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, 2016, the School District's proportion was .0552423%, which was a decrease of .001704% from its proportion measured as of March 31, 2015.

For the year ended June 30, 2016, the School District recognized pension expense in the district-wide financial statements of \$3,351,411. Pension expenditures of \$1,846,780 and \$245,481 were recorded in the fund financial statements and were charged to the General and Special Aid funds, respectively. At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 44,805	\$ 1,050,981
Changes of assumptions	2,364,439	-
Net difference between projected and actual earnings on pension plan investments	5,260,119	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	708,675	-
School District contributions subsequent to the measurement date	<u>835,167</u>	<u>-</u>
	<u>\$ 9,213,205</u>	<u>\$ 1,050,981</u>

\$835,167 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, 2017. 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 March 31,</u>	
2017	\$ 1,863,372
2018	1,863,372
2019	1,863,372
2020	1,736,941

The total pension liability for the March 31, 2016 measurement date was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The total pension liability for the March 31, 2015

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

measurement date was determined by using an actuarial valuation as of April 1, 2014. Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

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

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

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

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

<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 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the ERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net pension liability (asset)	<u>\$ 19,993,407</u>	<u>\$ 8,866,541</u>	<u>\$ (535,184)</u>

The components of the collective net pension liability of ERS as of the March 31, 2016 measurement date were as follows:

Total pension liability	\$ 172,303,544,000
ERS fiduciary net position	<u>156,253,265,000</u>
Employers' net pension liability	<u>\$ 16,050,279,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>90.7%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2016 were \$835,167.

Teachers' Retirement System

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

The TRS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
 June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

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 2016 was 13.26%.

At June 30, 2016, the School District reported an asset of \$57,131,374 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, 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, 2015, the School District's proportion was .550038%, which was an increase of .026056% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School District recognized pension expense in the district-wide financial statements of \$(3,848,179). Pension expenditures of \$10,829,755 and \$704,662 were recorded in the fund financial statements and were charged to the General and Special Aid funds, respectively. At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,583,354
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	18,059,525
Changes in proportion and differences between School District contributions and proportionate share of contributions	186,139	813,812
School District contributions subsequent to the measurement date	<u>11,621,001</u>	<u>-</u>
	<u>\$ 11,807,140</u>	<u>\$ 20,456,691</u>

\$11,621,001 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Year Ended June 30,	
2016	\$ (7,357,562)
2017	(7,357,562)
2018	(7,357,562)
2019	2,929,932
2020	(270,807)
Thereafter	(856,991)

The total pension liability for the June 30, 2015 measurement date was determined by using an actuarial valuation as of June 30, 2014, with update procedures used to roll forward the total pension liability to June 30, 2015. 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. 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 NYSTRS member experience.

<u>Age</u>	<u>Female</u>	<u>Male</u>
25	10.35 %	10.91 %
35	6.26	6.27
45	5.39	5.04
55	4.42	4.01

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

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

The actuarial assumptions used in the June 30, 2014 and 2013 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, 2014 and 2013 are summarized in the following table:

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Asset Class:	Target Allocation		Long-Term Expected Real Rate of Return*	
	2014	2013	2014	2013
Equities:				
Domestic equities	37 %	37 %	6.5 %	7.3 %
International equities	18	18	7.7	8.5
Real estate	10	10	4.6	5.0
Alternative investments	7	7	9.9	11.0
Total Equities	72	72		
Fixed Income:				
Domestic fixed income securities	17	18	2.1	1.5
Global fixed income securities	2	2	1.9	1.4
Mortgages	8	8	3.4	3.4
Short-term	1	-	1.2	0.8
Total Fixed Income	28	28		
Total	100 %	100 %		

* Real rates of return are net of the long-term inflation assumption of 2.3% for 2014 and 2013

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

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

	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
School District's proportionate share of the net pension liability (asset)	\$ 3,897,096	\$ (57,131,374)	\$ (109,175,845)

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

The components of the collective net pension asset of TRS as of the June 30, 2015 measurement date were as follows:

Total pension liability	\$ 99,332,103,743
TRS fiduciary net position	<u>109,718,916,659</u>
Employers' net pension asset	<u>\$ 10,386,812,916</u>
TRS fiduciary net position as a percentage of total pension liability	<u>110.46%</u>

Employer and employee contributions for the year ended June 30, 2016 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, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 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, 2016 were \$12,114,554.

Voluntary Defined Contribution Plan

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

Retirement Incentives and Other Pension Obligations

Legislation enacted as part of the 2013-14 New York State adopted budget as Chapter 57 of the Laws of 2013 established an alternative to the original Contribution Stabilization Program enacted in 2010. This Alternate Contribution Stabilization Program ("ACSP") authorized local governments and school districts, at their option, to defer payment on a portion of their annual ERS contribution beginning in the 2013-14 fiscal year. The maximum amortization amount in each year going forward under this alternate plan will be determined by the difference between each employer's normal effective contribution rate as compared to the System's ACSP graded rate. The graded rate will always move from the previous graded rate towards the new actuarial rate by no more than .5% per year. Any amounts amortized under this program are to be paid in equal annual installments over a twelve year period, although amounts may be prepaid at any time. The interest rate on an amount amortized in a given year will be the interest rate for that year and will be fixed for the duration of that payment period. The interest rate will be comparable to a twelve year US Treasury bond plus 1%. If the System's average actuarial rates are lower than the employer's graded rate, the employer would still be required to pay the graded rate. Any additional contributions made as a result will first be used to pay off existing amortizations with any excess being deposited into a reserve account to be used to offset future increases in contribution rates. The School District elected to amortize the maximum allowable ERS contributions for the years noted in the table below.

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

	Original Amount Amortized	Current Year Payments	Principal Balance Due	Principal Due Within One Year
2014	\$ 1,113,006	\$ 125,409	\$ 987,597	\$ 86,703
2015	759,759	78,623	681,136	53,853
2016	956,005	-	956,005	67,362
	<u>\$ 2,828,770</u>	<u>\$ 204,032</u>	<u>\$ 2,624,738</u>	<u>\$ 207,918</u>

The current year payments were charged to retirement expenditures in the General Fund.

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post-employment health care benefits is shared between the School District and the retired employee. Substantially all of the School District's employees may become eligible for these 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 as claims are paid.

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

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

The School District is required to accrue on the 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 rate of increase in postretirement benefits is discussed below.

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

The amortization basis is the level dollar method with an open amortization approach with 22 years remaining in the amortization period. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), and an annual healthcare cost trend of 9%, and then reduced by decrements to an ultimate rate of 5.00% after 5 years. 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 method.

The number of participants as of June 30, 2016 was as follows:

Active Employees	1,171
Retired Employees	<u>1,029</u>
Total	<u><u>2,200</u></u>
Amortization Component:	
Actuarial Accrued Liability as of July 1, 2015	\$ 304,227,757
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u><u>\$ 304,227,757</u></u>
Funded Ratio	<u><u>0.00%</u></u>
Covered Payroll (Active plan members)	<u><u>\$ 106,850,586</u></u>
UAAL as a Percentage of Covered Payroll	<u><u>284.72%</u></u>
Annual Required Contribution	\$ 30,033,817
Interest on Net OPEB Obligation	5,886,490
Adjustment to Annual Required Contribution	<u>(8,184,774)</u>
Annual OPEB Cost	27,735,533
Contributions Made	<u>(9,958,025)</u>
Increase in Net OPEB Obligation	17,777,508
Net OPEB Obligation - Beginning of Year	<u>147,162,240</u>
Net OPEB Obligation - End of Year	<u><u>\$ 164,939,748</u></u>

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

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 27,735,533	35.90 %	\$ 164,939,748
2015	27,583,064	39.90	147,162,240
2014	27,459,489	36.20	130,584,816

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

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

F. Revenues and Expenditures

Interfund Transfers

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

Transfers Out	Transfers In				Total
	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Governmental Funds	
General Fund	\$	\$ 535,575	\$ 190,000	\$ 157,545	\$ 883,120
Non-Major Governmental Funds	216,566	-	-	-	216,566
	<u>\$ 216,566</u>	<u>\$ 535,575</u>	<u>\$ 190,000</u>	<u>\$ 157,545</u>	<u>\$ 1,099,686</u>

Transfers are used to 1) move funds from the Debt Service Fund to the General Fund as debt service principal and interest payments become due and 2) move amounts earmarked in the operating funds to fulfill commitments for Special Aid, Capital Projects and School Lunch funds expenditures.

G. Net Position

The components of net position are detailed below:

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

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

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 Insurance - the component of net position that reports amounts set aside for payment of liability, casualty and other types of losses in accordance with Section 6-n 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.

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

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.

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

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	2016				2015			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental	Total
Nonspendable:								
Advances	\$ 170,886	\$ -	\$ -	170,886	\$ 230,886	\$ -	\$ -	\$ 230,886
Inventories	-	-	46,188	46,188	-	-	47,108	47,108
Total Nonspendable	170,886	-	46,188	217,074	230,886	-	47,108	277,994
Restricted:								
Insurance	101,744	-	-	101,744	101,715	-	-	101,715
Debt service	-	-	707,930	707,930	-	-	920,211	920,211
Special purposes	-	-	280,182	280,182	-	-	286,020	286,020
Total Restricted	101,744	-	988,112	1,089,856	101,715	-	1,206,231	1,307,946
Assigned:								
Purchases on order:								
General support	97,551	-	-	97,551	142,285	-	-	142,285
Instruction	637,673	-	-	637,673	458,140	-	-	458,140
Transportation	-	-	-	-	122,661	-	-	122,661
	735,224	-	-	735,224	723,086	-	-	723,086
Subsequent year's expenditures -								
Debt Service Fund	-	-	212,902	212,902	-	-	216,566	216,566
School Lunch Fund	-	-	389,356	389,356	-	-	24,234	24,234
Total Assigned	735,224	-	602,258	1,337,482	723,086	-	240,800	963,886
Unassigned	4,150,436	(162,726)	-	3,987,710	1,402,568	(288,326)	-	1,114,242
Total Fund Balances (Deficits)	\$ 5,158,290	\$ (162,726)	\$ 1,636,558	\$ 6,632,122	\$ 2,458,255	\$ (288,326)	\$ 1,494,139	\$ 3,664,068

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.

Advances have been established to indicate the long-term nature of funds advanced to the Capital Projects Fund. These funds do not represent "available" spendable resources even though they are a component of current assets.

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.

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, 2016, the School Board 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. Unassigned fund balance in the Capital Projects Fund represents the deficit balances in the capital projects.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The following cases are currently ongoing and the School District's management cannot estimate monetary amounts associated with the resolution of these cases. In addition, the School District's management could not determine the likelihood of an unfavorable outcome.

Members of the Board of Education and others had been sued civilly by two groups of plaintiffs, taxpayer plaintiffs and student plaintiffs, in the Southern District of New York for alleged actions taken by the Board of Education. On May 12, 2014 and September 30, 2014, the district court dismissed the claims of the taxpayer plaintiffs. On September 12, 2016, the U.S. Court of Appeals for the Second Circuit ruled that the student plaintiffs did not have standing to sue the defendants and reversed and remanded the district court's decision with instructions to dismiss those plaintiff's claims against all defendants. On September 26, 2016, the student plaintiffs filed a petition before the Second Circuit seeking rehearing.

On November 19, 2012, an amended complaint was filed against members of the Board of Education for damages and injunctive relief pertaining to School District practices. The court has dismissed nine of the ten plaintiff's claims, leaving only one claim under the U.S. Constitution's Establishment Clause. The discovery is ongoing. The defendants have exercised their right of immediate appeal and the matter is pending before the U.S. Second Circuit Court of Appeals.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

There are administrative proceedings before the Commissioner of Education for the State of New York. The petitions were filed on May 14, 2014 and December 19, 2014. The first petition seeks to set aside a so-ordered settlement between the School District and one of its former tenants, through which the School District agreed to sell surplus real estate to the former tenant. The second petition seeks to set aside an already completed sale of real property, which was designated as surplus property when owned by the School District. There have been declarations that these properties are not surplus, a directive which would require the Board of Education to engage expert services to perform an independent long range planning study and demographic enrollment analysis. The Commissioner denied the petitioners' requests for interim relief to stay the sales on June 3, 2014 and January 16, 2015. The appeals are still pending.

There is a special proceeding pending before the Supreme Court of the State of New York. The petition was filed on January 14, 2016 and seeks to compel the New York State Education Department to intervene in the School District and take it over. Oral argument on the motion to dismiss was held on August 17, 2016, at which point the court took the motion under advisement.

There is an action in the New York County Supreme Court through which taxpayers make a multitude of claims against the School District including breadth of fiduciary duty. The action seeks removal of Board of Education members and monetary sanctions against the School District, the Board of Education, and former Board members. If the plaintiffs are successful in obtaining the entire prayer for relief, it would result in removal of the Board as well as an order requiring appointment of a state monitor with complete veto power over the Board of Education's actions.

There are a variety of due process complaint notices and unilateral placement notices filed by the parents and/or their attorneys on behalf of students classified as students with disabilities for alleged violations of the Individuals with Disabilities Education Act. Most of these matters are resolved through resolution meetings and informal settlements. The claims are varied and range from simply providing additional special education services to tuition at a private special education school.

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

B. Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. 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.

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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.

The School District currently has five labor contracts that are expired as of June 30, 2016. No provision has been made in these financial statements for the settlement of these labor contracts. The bargaining unit and contract expiration dates are as follows:

<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
East Ramapo Custodial Association	June 30, 2015
East Ramapo Librarians and Audio Visual Specialists	June 30, 2011
Teaching Assistants of East Ramapo	June 30, 2015
East Ramapo Association of Instructional Supervisors	June 30, 2015
East Ramapo Association of Substitute Teachers	June 30, 2015

C. Risk Management

The School District and other school districts have formed a self-funded insurance company ("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, school board legal liability, auto liability and auto physical damage coverage, excess insurance, equipment floaters, boilers and machinery insurance and all risk building and contents. In addition, as part of the reciprocal program, crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company, which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution. The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains general liability insurance coverage with policy limits of \$1 million per occurrence and \$3 million in the aggregate and an umbrella policy which provides coverage up to \$25 million. The School District also maintains liability for school board members with policy limits of \$1 million. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District participates in a risk sharing pool, the Rockland County Workers' Compensation Plan, in order to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The Plan's actuary projects that there are sufficient assets in the workers' compensation pool to offset any potential liability.

East Ramapo Central School District, New York

Notes to Financial Statements (Concluded)

June 30, 2016

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

For its employee health and hospitalization insurance coverage, the School District is a participant in the New York State Employees Health Insurance Plan, a public entity risk pool operated for the benefit of New York State employers and employees of all local governments and public school districts. The Plan is considered a self-sustaining risk pool, to which the School District has essentially transferred all related risk.

Note 5 - Subsequent Events

The School District, on July 13, 2016 issued a tax anticipation note in the amount of \$15,000,000, due October 28, 2016, and bearing interest at 1.40%.

(This page intentionally left blank)

East Ramapo Central School District, New York

Required Supplementary Information - Schedule of Funding Progress

Other Post Employment Benefits

Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2013	\$ -	\$ 340,268,491	\$ 340,268,491	- %	\$ 95,988,079	354.49 %
July 1, 2014	-	340,268,491	340,268,491	-	95,988,079	354.49
July 1, 2015	-	304,227,757	304,227,757	-	106,850,586	284.72

East Ramapo Central School District, New York

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

	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.550038%</u>	<u>0.523982%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (57,131,374)</u>	<u>\$ (58,368,315)</u>
School District's covered-employee payroll	<u>\$ 83,140,205</u>	<u>\$ 77,824,582</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>68.72%</u>	<u>75.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>110.46%</u>	<u>111.48%</u>

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

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

East Ramapo Central School District, New York

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

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 11,621,001	\$ 14,574,478
Contributions in relation to the contractually required contribution	<u>(11,621,001)</u>	<u>(14,574,478)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 87,639,522</u>	<u>\$ 83,140,205</u>
Contributions as a percentage of covered-employee payroll	<u>13.26%</u>	<u>17.53%</u>

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

East Ramapo Central School District, New York

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

	2016 (2)	2015
School District's proportion of the net pension liability (asset)	0.0552423%	0.0535383%
School District's proportionate share of the net pension liability (asset)	\$ 8,866,541	\$ 1,808,655
School District's covered-employee payroll	\$ 17,602,487	\$ 17,353,491
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	50.37%	10.42%
Plan fiduciary net position as a percentage of the total pension liability	90.70%	97.90%

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

- (1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- (2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

East Ramapo Central School District, New York

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

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,374,739	\$ 2,140,192
Contributions in relation to the contractually required contribution	<u>(2,374,739)</u>	<u>(2,140,192)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 18,049,532</u>	<u>\$ 17,578,101</u>
Contributions as a percentage of covered-employee payroll	<u>13.16%</u>	<u>12.18%</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*.

(This page intentionally left blank)

East Ramapo Central School District, New York

General Fund
 Comparative Balance Sheet
 June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	\$ 15,230,990	\$ 14,602,852
Investments	40,654	40,589
Receivables		
Accounts	668,402	624,536
State and Federal aid	2,900,485	2,805,969
Due from other governments	355,096	841,060
Due from other funds	8,881,243	7,561,699
Advances to other funds	170,886	230,886
	<u>12,976,112</u>	<u>12,064,150</u>
Total Assets	<u>\$ 28,247,756</u>	<u>\$ 26,707,591</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 8,727,366	\$ 7,268,569
Accrued liabilities	1,198,579	875,795
Due to other governments	68,150	68,150
Due to retirement systems	12,949,721	15,896,343
Unearned revenues	145,650	140,479
Total Liabilities	<u>23,089,466</u>	<u>24,249,336</u>
Fund balance		
Nonspendable	170,886	230,886
Restricted	101,744	101,715
Assigned	735,224	723,086
Unassigned	4,150,436	1,402,568
Total Fund Balance	<u>5,158,290</u>	<u>2,458,255</u>
Total Liabilities and Fund Balance	<u>\$ 28,247,756</u>	<u>\$ 26,707,591</u>

East Ramapo Central School District, New York

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

	2016				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbrances	
REVENUES					
Real property taxes	\$ 130,333,424	\$ 130,333,424	\$ 130,069,855	\$	\$ (263,569)
Other tax items	16,810,913	16,810,913	16,898,412		87,499
Charges for services	1,585,000	1,585,000	2,182,843		597,843
Use of money and property	535,944	535,944	650,924		114,980
Sale of property and compensation for loss	71,000	71,000	136,138		65,138
State aid	66,360,433	66,360,433	66,511,944		151,511
Federal aid	900,000	900,000	1,076,579		176,579
Miscellaneous	1,413,371	1,420,371	1,869,874		449,503
Total Revenues	218,010,085	218,017,085	219,396,569		1,379,484
EXPENDITURES					
Current					
General support					
Board of education	290,095	288,328	288,322	-	6
Central administration	479,541	556,787	556,787	-	-
Finance	1,390,000	1,256,973	1,233,077	23,400	496
Staff	3,460,876	3,785,420	3,760,204	25,216	-
Central services	11,110,444	11,316,831	10,362,247	48,935	905,649
Special items	3,109,894	1,964,060	1,964,060	-	-
Total General Support	19,840,850	19,168,399	18,164,697	97,551	906,151
Instruction					
Instruction, administration and improvement	6,612,329	7,082,700	7,070,660	12,040	-
Teaching - Regular school	48,380,061	49,351,861	49,208,933	141,753	1,175
Programs for children with handicapping conditions	41,601,583	40,667,763	40,505,791	161,972	-
Occupational education	306,600	318,264	318,264	-	-
Teaching - Special schools	4,033,486	3,890,256	3,890,256	-	-
Teaching - Summer school	29,357	35,440	35,440	-	-
Instructional media	2,916,036	2,982,707	2,969,893	12,814	-
Pupil services	12,372,711	12,370,591	12,061,496	309,094	1
Total Instruction	116,252,163	116,699,582	116,060,733	637,673	1,176
Pupil transportation	29,205,440	31,142,134	31,139,051	-	3,083
Community services	77,364	74,096	74,096	-	-
Employee benefits	49,411,296	47,468,259	47,086,279	-	381,980
Debt service					
Principal	3,034,489	3,043,012	3,043,012	-	-
Interest	478,135	478,135	462,112	-	16,023
Total Expenditures	218,299,737	218,073,617	216,029,980	735,224	1,308,413
Excess (Deficiency) of Revenues Over Expenditures	(289,652)	(56,532)	3,366,589	(735,224)	2,687,897
OTHER FINANCING SOURCES (USES)					
Sale of real property	-	-	-	-	-
Transfers in	216,566	216,566	216,566	-	-
Transfers out	(650,000)	(883,120)	(883,120)	-	-
Total Other Financing Sources (Uses)	(433,434)	(666,554)	(666,554)	-	-
Net Change in Fund Balance	(723,086)	(723,086)	2,700,035	\$ (735,224)	\$ 2,687,897
FUND BALANCE (DEFICIT)					
Beginning of Year	723,086	723,086	2,458,255		
End of Year	\$ -	\$ -	\$ 5,158,290		

2015				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 128,715,958	\$ 128,715,958	\$ 128,545,097	\$	\$ (170,861)
16,579,366	16,579,366	16,621,739		42,373
1,335,000	1,335,000	1,938,064		603,064
669,790	669,790	747,012		77,222
67,282	67,282	79,810		12,528
61,507,584	61,645,084	59,469,291		(2,175,793)
1,000,000	1,000,000	828,840		(171,160)
934,496	1,497,781	2,262,574		764,793
<u>210,809,476</u>	<u>211,510,261</u>	<u>210,492,427</u>		<u>(1,017,834)</u>
242,975	257,466	256,896	570	-
409,709	499,564	499,564	-	-
1,255,477	1,112,627	1,088,535	24,092	-
3,242,720	5,010,492	4,939,529	70,962	1
10,730,738	10,349,678	10,298,522	46,661	4,495
3,082,262	2,364,917	2,364,917	-	-
<u>18,963,881</u>	<u>19,594,744</u>	<u>19,447,963</u>	<u>142,285</u>	<u>4,496</u>
5,911,645	6,230,534	6,212,183	18,351	-
47,305,434	47,848,372	47,682,998	163,073	2,301
39,131,828	38,947,325	38,736,538	210,787	-
-	381,164	381,164	-	-
3,716,273	3,692,227	3,692,227	-	-
16,480	28,725	28,725	-	-
2,771,645	2,692,153	2,632,154	59,999	-
11,812,496	11,848,816	11,842,886	5,930	-
<u>110,665,801</u>	<u>111,669,316</u>	<u>111,208,875</u>	<u>458,140</u>	<u>2,301</u>
28,503,997	28,772,222	28,649,561	122,661	-
75,994	72,706	72,706	-	-
49,526,664	48,135,992	47,455,694	-	680,298
3,221,990	3,762,288	3,762,288	-	-
490,636	483,659	483,659	-	-
<u>211,448,963</u>	<u>212,490,927</u>	<u>211,080,746</u>	<u>723,086</u>	<u>687,095</u>
<u>(639,487)</u>	<u>(980,666)</u>	<u>(588,319)</u>	<u>(723,086)</u>	<u>(330,739)</u>
-	469,179	10,062,620	-	9,593,441
100,000	100,000	212,603	-	112,603
(460,000)	(588,000)	(566,529)	-	21,471
<u>(360,000)</u>	<u>(18,821)</u>	<u>9,708,694</u>	<u>-</u>	<u>9,727,515</u>
(999,487)	(999,487)	9,120,375	<u>\$ (723,086)</u>	<u>\$ 9,396,776</u>
<u>999,487</u>	<u>999,487</u>	<u>(6,662,120)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,458,255</u>		

East Ramapo Central School District, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 130,333,424	\$ 130,333,424	\$ 130,069,855	\$ (263,569)
OTHER TAX ITEMS				
School tax relief reimbursement	16,443,472	16,443,472	16,527,120	83,648
Payments in lieu of taxes	367,441	367,441	371,292	3,851
	<u>16,810,913</u>	<u>16,810,913</u>	<u>16,898,412</u>	<u>87,499</u>
CHARGES FOR SERVICES				
Day school tuition - Other districts	1,350,000	1,350,000	1,820,922	470,922
Health services - Other districts	235,000	235,000	349,085	114,085
Other charges for services	-	-	996	996
Transportation - Other districts	-	-	11,840	11,840
	<u>1,585,000</u>	<u>1,585,000</u>	<u>2,182,843</u>	<u>597,843</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	50,000	50,000	145,260	95,260
Rental of real property - Individuals	458,248	458,248	476,678	18,430
Rental of real property - BOCES and other governments	27,696	27,696	28,986	1,290
	<u>535,944</u>	<u>535,944</u>	<u>650,924</u>	<u>114,980</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Minor sales	-	-	374	374
Insurance recoveries	71,000	71,000	117,617	46,617
Other compensation for loss	-	-	18,147	18,147
	<u>71,000</u>	<u>71,000</u>	<u>136,138</u>	<u>65,138</u>

STATE AID

Basic formula	60,162,552	60,162,552	59,762,398	(400,154)
BOCES	1,730,711	1,730,711	1,738,766	8,055
Tuition aid for students with disabilities	2,100,000	2,100,000	2,085,616	(14,384)
Textbooks	1,553,470	1,553,470	1,819,264	265,794
Computer software	628,100	628,100	599,047	(29,053)
Library materials	185,600	185,600	181,062	(4,538)
Tax limitation aid	-	-	317,094	317,094
Emergency management assistance	-	-	8,697	8,697

	<u>66,360,433</u>	<u>66,360,433</u>	<u>66,511,944</u>	<u>151,511</u>
--	-------------------	-------------------	-------------------	----------------

FEDERAL AID

Medical assistance	<u>900,000</u>	<u>900,000</u>	<u>1,076,579</u>	<u>176,579</u>
--------------------	----------------	----------------	------------------	----------------

MISCELLANEOUS

Refund for BOCES' aided services	715,000	715,000	991,391	276,391
Refund of prior year's expenditures	107,000	107,000	112,448	5,448
Other	<u>591,371</u>	<u>598,371</u>	<u>766,035</u>	<u>167,664</u>

	<u>1,413,371</u>	<u>1,420,371</u>	<u>1,869,874</u>	<u>449,503</u>
--	------------------	------------------	------------------	----------------

TOTAL REVENUES

	218,010,085	218,017,085	219,396,569	1,379,484
--	-------------	-------------	-------------	-----------

OTHER FINANCING SOURCES

Transfers in				
Debt Service Fund	<u>216,566</u>	<u>216,566</u>	<u>216,566</u>	<u>-</u>

TOTAL REVENUES AND OTHER FINANCING SOURCES

	<u>\$ 218,226,651</u>	<u>\$ 218,233,651</u>	<u>\$ 219,613,135</u>	<u>\$ 1,379,484</u>
--	-----------------------	-----------------------	-----------------------	---------------------

East Ramapo Central School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 6,635	\$ 29,562	\$ 29,562	\$ -	\$ -
District clerk	153,460	195,106	195,100	-	6
District meeting	130,000	63,660	63,660	-	-
Total Board of Education	290,095	288,328	288,322	-	6
CENTRAL ADMINISTRATION					
Chief school administrator	479,541	556,787	556,787	-	-
FINANCE					
Business administration	511,335	493,902	484,404	9,498	-
Accounting	609,955	539,426	539,426	-	-
Auditing	108,577	104,786	94,346	10,440	-
Treasurer	48,116	36,115	36,115	-	-
Purchasing	112,017	82,744	78,786	3,462	496
Total Finance	1,390,000	1,256,973	1,233,077	23,400	496
STAFF					
Legal	2,771,298	3,210,413	3,185,340	25,073	-
Personnel	577,378	562,123	561,980	143	-
Records management officer	2,000	1,396	1,396	-	-
Public information and services	110,200	11,488	11,488	-	-
Total Staff	3,460,876	3,785,420	3,760,204	25,216	-

CENTRAL SERVICES

Operation of plant	7,099,438	7,080,360	6,145,091	29,622	905,647
Maintenance of plant	2,553,600	2,613,606	2,600,291	13,313	2
Central storeroom	33,554	47,495	47,495	-	-
Central printing and mailing	601,368	590,223	584,463	5,760	-
Central office supplies	6,320	307	307	-	-
Central data processing	816,164	984,840	984,600	240	-
Total Central Services	11,110,444	11,316,831	10,362,247	48,935	905,649

SPECIAL ITEMS

Unallocated insurance	420,240	420,656	420,656	-	-
School association dues	22,935	21,533	21,533	-	-
Judgments and claims	200,000	-	-	-	-
Assessments on school property	260,000	262,399	262,399	-	-
Refunds of real property taxes	1,095,000	141,583	141,583	-	-
Administrative charge - BOCES	1,111,719	1,117,889	1,117,889	-	-
Total Special Items	3,109,894	1,964,060	1,964,060	-	-
Total General Support	19,840,850	19,168,399	18,164,697	97,551	906,151

INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development	305,706	132,162	132,162	-	-
Supervision - Regular school	5,286,128	5,896,736	5,884,696	12,040	-
Supervision - District-wide	964,798	896,396	896,396	-	-
Research, planning and evaluation	8,585	6,156	6,156	-	-
In-service training and instruction	47,112	151,250	151,250	-	-
Total Instruction, Administration and Improvement	6,612,329	7,082,700	7,070,660	12,040	-

TEACHING - REGULAR SCHOOL

	48,380,061	49,351,861	49,208,933	141,753	1,175
--	------------	------------	------------	---------	-------

PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS

Programs for students with disabilities	41,601,583	40,667,763	40,505,791	161,972	-
---	------------	------------	------------	---------	---

OCCUPATIONAL EDUCATION

	306,600	318,264	318,264	-	-
--	---------	---------	---------	---	---

(Continued)

East Ramapo Central School District, New York

General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)
 Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
TEACHING - SPECIAL SCHOOLS	\$ 4,033,486	\$ 3,890,256	\$ 3,890,256	\$ -	\$ -
TEACHING - SUMMER SCHOOLS	29,357	35,440	35,440	-	-
INSTRUCTIONAL MEDIA					
School library and audiovisual	822,983	590,739	582,133	8,606	-
Computer assisted instruction	2,093,053	2,391,968	2,387,760	4,208	-
Total Instructional Media	2,916,036	2,982,707	2,969,893	12,814	-
PUPIL SERVICES					
Attendance - Regular school	31,507	96,185	96,185	-	-
Guidance - Regular school	2,060,726	2,123,129	2,123,129	-	-
Health services - Regular school	2,866,223	2,509,527	2,218,261	291,266	-
Psychological services - Regular school	2,895,489	2,882,818	2,882,818	-	-
Speech therapy - Regular school	3,511,307	3,649,466	3,649,466	-	-
Co-curricular activities - Regular school	326,914	295,637	295,637	-	-
Interscholastic athletics - Regular school	680,545	813,829	796,000	17,828	1
Total Pupil Services	12,372,711	12,370,591	12,061,496	309,094	1
Total Instruction	116,252,163	116,699,582	116,060,733	637,673	1,176
PUPIL TRANSPORTATION					
District transportation services	3,708,610	2,954,493	2,954,493	-	-
Garage Building	44,700	35,639	35,639	-	-
Transportation - BOCES	373,695	761,675	761,675	-	-
Contract transportation	25,078,435	27,390,327	27,387,244	-	3,083
Total Pupil Transportation	29,205,440	31,142,134	31,139,051	-	3,083

COMMUNITY SERVICES

Census	77,364	74,096	74,096	-	-
--------	--------	--------	--------	---	---

EMPLOYEE BENEFITS

State retirement	2,446,698	2,050,812	2,050,812	-	-
Teachers' retirement	10,995,542	10,829,755	10,829,755	-	-
Social security	7,445,026	7,258,183	7,258,183	-	-
Hospital, medical and dental insurance	26,699,561	26,025,033	25,643,053	-	381,980
Unemployment benefits	400,000	69,150	69,150	-	-
Workers' compensation benefits	1,424,469	1,235,326	1,235,326	-	-
Total Employee Benefits	49,411,296	47,468,259	47,086,279	-	381,980

DEBT SERVICE

Principal					
Serial bonds	2,165,000	2,165,000	2,165,000	-	-
Energy performance contracts	869,489	878,012	878,012	-	-
	<u>3,034,489</u>	<u>3,043,012</u>	<u>3,043,012</u>	<u>-</u>	<u>-</u>
Interest					
Serial bonds	313,025	313,025	313,025	-	-
Energy performance contracts	75,110	75,110	66,587	-	8,523
Tax anticipation notes	90,000	90,000	82,500	-	7,500
	<u>478,135</u>	<u>478,135</u>	<u>462,112</u>	<u>-</u>	<u>16,023</u>
Total Debt Service	3,512,624	3,521,147	3,505,124	-	16,023

TOTAL EXPENDITURES

	<u>218,299,737</u>	<u>218,073,617</u>	<u>216,029,980</u>	<u>735,224</u>	<u>1,308,413</u>
--	--------------------	--------------------	--------------------	----------------	------------------

OTHER FINANCING USES

Transfers out					
Special Aid Fund	460,000	535,575	535,575	-	-
Capital Projects Fund	190,000	190,000	190,000	-	-
School Lunch Fund	-	157,545	157,545	-	-
TOTAL OTHER FINANCING USES	650,000	883,120	883,120	-	-

TOTAL EXPENDITURES AND OTHER FINANCING USES

	<u>\$ 218,949,737</u>	<u>\$ 218,956,737</u>	<u>\$ 216,913,100</u>	<u>\$ 735,224</u>	<u>\$ 1,308,413</u>
--	-----------------------	-----------------------	-----------------------	-------------------	---------------------

(This page intentionally left blank)

East Ramapo Central School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	\$ 2,005,635	\$ 2,256,198
Investments	<u>144</u>	<u>144</u>
Receivables		
Accounts	1,888	1,566
State and Federal aid	<u>7,586,004</u>	<u>5,576,474</u>
	<u>7,587,892</u>	<u>5,578,040</u>
Total Assets	<u>\$ 9,593,671</u>	<u>\$ 7,834,382</u>
LIABILITIES		
Accounts payable	\$ 1,183,497	\$ 1,053,497
Accrued liabilities	64,449	72,498
Due to other funds	<u>8,345,725</u>	<u>6,708,387</u>
Total Liabilities	<u>\$ 9,593,671</u>	<u>\$ 7,834,382</u>

East Ramapo Central School District, New York

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

	2016			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
State aid	\$ 9,632,013	\$ 10,473,992	\$ 9,078,588	\$ (1,395,404)
Federal aid	27,092,084	31,550,557	22,536,889	(9,013,668)
Miscellaneous	88,000	88,000	37,104	(50,896)
Total Revenues	36,812,097	42,112,549	31,652,581	(10,459,968)
EXPENDITURES				
Current				
Instruction	37,272,097	42,648,124	32,188,156	10,459,968
Deficiency of Revenues Over Expenditures	(460,000)	(535,575)	(535,575)	-
OTHER FINANCING SOURCES				
Transfers in	460,000	535,575	535,575	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

2015

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 9,369,996	\$ 9,453,044	\$ 9,145,385	\$ (307,659)
25,335,626	27,660,497	21,003,834	(6,656,663)
12,125	12,125	12,125	-
34,717,747	37,125,666	30,161,344	(6,964,322)
35,177,747	37,585,666	30,599,873	6,985,793
(460,000)	(460,000)	(438,529)	21,471
460,000	460,000	438,529	(21,471)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

East Ramapo Central School District, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	\$ 124,867	\$ 124,848
Investments	<u>5</u>	<u>5</u>
Total Assets	<u>\$ 124,872</u>	<u>\$ 124,853</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 64,400	\$ -
Due to other funds	52,312	182,293
Advances from other funds	<u>170,886</u>	<u>230,886</u>
Total Liabilities	287,598	413,179
Fund deficit		
Unassigned	<u>(162,726)</u>	<u>(288,326)</u>
Total Liabilities and Fund Deficit	<u>\$ 124,872</u>	<u>\$ 124,853</u>

East Ramapo Central School District, New York

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

	<u>2016</u>	<u>2015</u>
REVENUES	\$ -	\$ -
EXPENDITURES		
Capital outlay	<u>64,400</u>	<u>152,740</u>
Deficiency of Revenues Over Expenditures	(64,400)	(152,740)
OTHER FINANCING SOURCES		
Transfers in	<u>190,000</u>	<u>128,000</u>
Net Change in Fund Balance	125,600	(24,740)
FUND DEFICIT		
Beginning of Year	<u>(288,326)</u>	<u>(263,586)</u>
End of Year	<u>\$ (162,726)</u>	<u>\$ (288,326)</u>

East Ramapo Central School District, New York

Capital Projects Fund

Project-Length Schedule

Inception Of Project Through June 30, 2016

PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
Various District Improvements	\$ 14,347,900	\$ 14,346,556	\$ -	\$ 14,346,556
Kakiat Elementary School Steps, Curbs and Sidewalk Repairs	128,000	125,440	-	125,440
Ramapo HS Roof Project	130,000	-	64,400	64,400
Totals	<u>\$ 14,605,900</u>	<u>\$ 14,471,996</u>	<u>\$ 64,400</u>	<u>\$ 14,536,396</u>

Unexpended Balance	Methods of Financing			Total	Fund Balances (Deficits) at June 30, 2016
	Proceeds of Obligations	State and Federal Aid	Transfers		
\$ 1,344	\$ 7,180,000	\$ 5,823,419	\$ 1,112,251	\$ 14,115,670	\$ (230,886)
2,560	-	-	128,000	128,000	2,560
65,600	-	-	130,000	130,000	65,600
<u>\$ 69,504</u>	<u>\$ 7,180,000</u>	<u>\$ 5,823,419</u>	<u>\$ 1,370,251</u>	<u>\$ 14,373,670</u>	<u>\$ (162,726)</u>

East Ramapo Central School District, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2016
 (With Comparative Totals For 2015)

	School Lunch	Special Purpose	Debt Service
ASSETS			
Cash and equivalents	\$ 793,980	\$ 9,836	\$ 920,069
Investments	469	270,346	742
Receivables			
State and Federal aid	331,665	-	-
Due from other funds	-	-	21
	331,665	-	21
Inventories	46,188	-	-
Total Assets	<u>\$ 1,172,302</u>	<u>\$ 280,182</u>	<u>\$ 920,832</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 253,531	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	483,227	-	-
Total Liabilities	736,758	-	-
Fund balances			
Nonspendable	46,188	-	-
Restricted	-	280,182	707,930
Assigned	389,356	-	212,902
Total Fund Balances	435,544	280,182	920,832
Total Liabilities and Fund Balances	<u>\$ 1,172,302</u>	<u>\$ 280,182</u>	<u>\$ 920,832</u>

Total Non-Major
Governmental Funds

2016	2015
\$ 1,723,885	\$ 1,779,629
<u>271,557</u>	<u>277,858</u>
331,665	339,133
21	1
<u>331,686</u>	<u>339,134</u>
<u>46,188</u>	<u>47,108</u>
<u>\$ 2,373,316</u>	<u>\$ 2,443,729</u>
\$ 253,531	\$ 277,176
-	1,394
<u>483,227</u>	<u>671,020</u>
<u>736,758</u>	<u>949,590</u>
46,188	47,108
988,112	1,206,231
<u>602,258</u>	<u>240,800</u>
<u>1,636,558</u>	<u>1,494,139</u>
<u>\$ 2,373,316</u>	<u>\$ 2,443,729</u>

East Ramapo Central School District, New York

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Non-Major Governmental Funds
 Year Ended June 30, 2016
 (With Comparative Totals For 2015)

	School Lunch	Special Purpose	Debt Service
REVENUES			
Use of money and property	\$ 143	\$ 449	\$ 621
State aid	120,511	-	-
Federal aid	4,133,694	-	-
Food sales	334,656	-	-
Miscellaneous	-	17,089	-
Total Revenues	4,589,004	17,538	621
EXPENDITURES			
Current			
Cost of food sales	4,382,347	-	-
Other	-	23,376	-
Total Expenditures	4,382,347	23,376	-
Excess (Deficiency) of Revenues Over Expenditures	206,657	(5,838)	621
OTHER FINANCING USES			
Sale of real property	-	-	-
Transfers in	157,545	-	-
Transfers out	-	-	(216,566)
Total Other Financing Sources (Uses)	157,545	-	(216,566)
Net Change in Fund Balances	364,202	(5,838)	(215,945)
FUND BALANCES			
Beginning of Year	71,342	286,020	1,136,777
End of Year	<u>\$ 435,544</u>	<u>\$ 280,182</u>	<u>\$ 920,832</u>

Total Non-Major
Governmental Funds

<u>2016</u>	<u>2015</u>
\$ 1,213	\$ 1,025
120,511	114,817
4,133,694	3,766,357
334,656	367,726
17,089	13,267
<u>4,607,163</u>	<u>4,263,192</u>
4,382,347	4,115,058
23,376	20,117
<u>4,405,723</u>	<u>4,135,175</u>
201,440	128,017
-	992,628
157,545	-
(216,566)	(212,603)
<u>(59,021)</u>	<u>780,025</u>
142,419	908,042
<u>1,494,139</u>	<u>586,097</u>
<u>\$ 1,636,558</u>	<u>\$ 1,494,139</u>

East Ramapo Central School District, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	\$ 793,980	\$ 634,223
Investments	469	468
State and Federal aid receivable	331,665	339,133
Inventories	<u>46,188</u>	<u>47,108</u>
Total Assets	<u>\$ 1,172,302</u>	<u>\$ 1,020,932</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 253,531	\$ 277,176
Accrued liabilities	-	1,394
Due to other funds	<u>483,227</u>	<u>671,020</u>
Total Liabilities	<u>736,758</u>	<u>949,590</u>
Fund balance		
Nonspendable	46,188	47,108
Assigned	<u>389,356</u>	<u>24,234</u>
Total Fund Balance	<u>435,544</u>	<u>71,342</u>
Total Liabilities and Fund Balance	<u>\$ 1,172,302</u>	<u>\$ 1,020,932</u>

East Ramapo Central School District, New York

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

	<u>2016</u>	<u>2015</u>
REVENUES		
Use of money and property	\$ 143	\$ 185
State aid	120,511	114,817
Federal aid	4,133,694	3,766,357
Food sales	<u>334,656</u>	<u>367,726</u>
Total Revenues	4,589,004	4,249,085
EXPENDITURES		
Current		
Cost of food sales	<u>4,382,347</u>	<u>4,115,058</u>
Excess of Revenues Over Expenditures	206,657	134,027
OTHER FINANCING SOURCES		
Transfers in	<u>157,545</u>	<u>-</u>
Net Change in Fund Balance	364,202	134,027
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>71,342</u>	<u>(62,685)</u>
End of Year	<u>\$ 435,544</u>	<u>\$ 71,342</u>

East Ramapo Central School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	\$ 9,836	\$ 9,371
Investments	<u>270,346</u>	<u>276,649</u>
Total Assets	<u>\$ 280,182</u>	<u>\$ 286,020</u>
FUND BALANCE		
Restricted	<u>\$ 280,182</u>	<u>\$ 286,020</u>

East Ramapo Central School District, New York

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

	<u>2016</u>	<u>2015</u>
REVENUES		
Use of money and property	\$ 449	\$ 100
Miscellaneous	<u>17,089</u>	<u>13,267</u>
Total Revenues	17,538	13,367
EXPENDITURES		
Current		
Other	<u>23,376</u>	<u>20,117</u>
Deficiency of Revenues Over Expenditures	(5,838)	(6,750)
FUND BALANCE		
Beginning of Year	<u>286,020</u>	<u>292,770</u>
End of Year	<u>\$ 280,182</u>	<u>\$ 286,020</u>

East Ramapo Central School District, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	\$ 920,069	\$ 1,136,035
Investments	742	741
Due from other funds	21	1
	<u> </u>	<u> </u>
Total Assets	<u>\$ 920,832</u>	<u>\$ 1,136,777</u>
 FUND BALANCE		
Restricted	\$ 707,930	\$ 920,211
Assigned	212,902	216,566
	<u> </u>	<u> </u>
Total Fund Balance	<u>\$ 920,832</u>	<u>\$ 1,136,777</u>

East Ramapo Central School District, New York

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

	<u>2016</u>	<u>2015</u>
REVENUES		
Use of money and property	\$ 621	\$ 740
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>621</u>	<u>740</u>
OTHER FINANCING SOURCES (USES)		
Sale of real property	-	992,628
Transfers out	<u>(216,566)</u>	<u>(212,603)</u>
Total Other Financing Sources (Uses)	<u>(216,566)</u>	<u>780,025</u>
Net Change in Fund Balance	(215,945)	780,765
FUND BALANCE		
Beginning of Year	<u>1,136,777</u>	<u>356,012</u>
End of Year	<u>\$ 920,832</u>	<u>\$ 1,136,777</u>

East Ramapo Central School District, New York

General Fund
Analysis of Change from Adopted Budget to Final Budget
Year Ended June 30, 2016

Adopted Budget	\$ 218,226,651
Additions - Encumbrances	<u>723,086</u>
Original Budget	218,949,737
Budget Amendments	<u>7,000</u>
Final Budget	<u><u>\$ 218,956,737</u></u>

General Fund
Section 1318 of Real Property Tax Law Limit Calculation

2016-2017 Expenditure Budget	<u>\$ 224,364,070</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	735,224
Unassigned fund balance	<u>4,150,436</u>
Total Unrestricted Fund Balance	4,885,660
Less	
Encumbrances	<u>735,224</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 4,150,436</u></u>
Actual Percentage	<u><u>1.85%</u></u>

East Ramapo Central School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2016

Capital Assets, net		\$ 31,998,482
Plus		
Unamortized portion of loss on refunding bonds		39,207
Less		
Bonds payable - Capital construction	(6,490,000)	
Unamortized portion of issuance premium on refunding bonds	(121,513)	
Energy performance contract payable	<u>(1,146,804)</u>	<u>(7,758,317)</u>
Net Investment in Capital Assets		<u>\$ 24,279,372</u>

(This page intentionally left blank)

**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
East Ramapo Central School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the East Ramapo Central School District, New York ("School District") as of and for the year ended June 30, 2016, 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 October 5, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 5, 2016



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited the East Ramapo Central School District, New York's ("School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2016. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 5, 2016

East Ramapo Central School District, New York

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub- recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553		\$ -	\$ 1,016,798
National School Lunch Program - Commodities	10.555		-	310,605
National School Lunch Program - Cash	10.555		-	2,625,407
Summer Food Service Program for Children	10.559		-	113,769
Total U.S. Department of Agriculture			-	4,066,579
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster - IDEA</i>				
Special Education - Grants to States	84.027	0032-15-0078	-	135,911
Special Education - Grants to States	84.027	0032-16-0078	-	4,532,910
Special Education - Preschool Grants	84.173	0033-15-0778		5,631
Special Education - Preschool Grants	84.173	0033-16-0778	-	120,648
Subtotal Special Education Cluster			-	4,795,100
Title I Grants to Local Educational Agencies	84.010	0021-15-2570	-	1,988,077
Title I Grants to Local Educational Agencies	84.010	0011-15-2042	-	64,105
Title I Grants to Local Educational Agencies	84.010	0021-16-2570	-	12,036,928
Title I Grants to Local Educational Agencies	84.010	0011-16-2042	-	56,531
			-	14,145,641
Education for Homeless Children and Youth	84.196	0212-15-4031	-	2,220
Education for Homeless Children and Youth	84.196	0212-16-4031	-	39,062
			-	41,282
English Language Acquisition State Grants	84.365	0149-15-2570	-	30,862
English Language Acquisition State Grants	84.365	0293-15-2570	-	420,705
English Language Acquisition State Grants	84.365	0151-16-2570	-	39,083
English Language Acquisition State Grants	84.365	0149-16-2570	-	139,488
English Language Acquisition State Grants	84.365	0293-16-2570	-	1,981,407
			-	2,611,545
Improving Teacher Quality State Grants	84.367	0147-15-2570		80,326
Improving Teacher Quality State Grants	84.367	0147-16-2570	-	821,875
			-	902,201
Total U.S. Department of Education			-	22,495,769

(Continued)

East Ramapo Central School District, New York

Schedule of Expenditures of Federal Awards (Continued)
 Year Ended June 30, 2016

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub- recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Health and Human Services</u>				
Indirect Program - Passed through New York State				
Department of Education				
Substance Abuse and Mental Health Services	93.243	1H79SM061981-01	\$ -	\$ 41,120
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 26,603,468</u>

(1) Catalog of Federal Domestic Assistance number.

The accompanying notes are an integral part of this schedule.

East Ramapo Central School District, New York

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the East Ramapo Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2016. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards* ("Uniform Guidance") Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

East Ramapo Central School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether
the financial statements audited were prepared
in accordance with GAAP

Unmodified

Internal control over financial reporting:

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

___ Yes X No
___ Yes X None reported

Noncompliance material to financial statements
noted?

___ Yes X No

Federal Awards

Internal control over major federal programs:

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

___ Yes X No
___ Yes X None reported

Type of auditor's report issued on compliance
for major federal programs

Unmodified

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

___ Yes X No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027
84.173
84.367

Special Education Cluster:
Special Education – Grants to States
Special Education – Preschool Grants
Improving Teacher Quality State Grants

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

\$798,104
 X Yes ___ No

East Ramapo Central School District, New York

Schedule of Findings and Questioned Costs (Concluded)
Year Ended June 30, 2016

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

East Ramapo Central School District, New York

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016

None