

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

Financial Statements and  
Supplementary Information

Year Ended June 30, 2015



# East Ramapo Central School District, New York

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## 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, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2015, and the respective changes in financial position and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

O'CONNOR DAVIES, LLP

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

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

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2015 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**

Harrison, New York

October 8, 2015

# East Ramapo Central School District, New York

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

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## 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, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the School District's financial performance.

## Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- The School District's General Fund reported unassigned fund balance at June 30, 2015 of \$1,402,568, an increase of \$8,429,818 from the unassigned deficit of \$7,027,250 reported at June 30, 2014. This was primarily the result of the sales of the Colton and Hillcrest Elementary Schools.
- The School District sold the Colton and Hillcrest Elementary schools for total proceeds, net of closing costs and other adjustments, of \$11,055,248. Of this amount, \$10,062,620 was recorded in the General Fund with the remaining \$992,628 recorded in the Debt Service Fund, to satisfy the remaining bonded debt service obligations on these two facilities. Also, an additional \$685,000 of energy performance contract debt associated with the two facilities was also satisfied during the current fiscal year from the sale proceeds.
- As of June 30, 2015, the total fund balance of the General Fund was \$2,458,255. A portion of this fund balance, \$230,886 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 \$101,715 for funds set aside for self-insured obligations.
- 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 \$8.73 million. At June 30, 2015, the School District has .64% of its subsequent year's budget reflected in unassigned fund balance.
- For cash flow purposes, the School District borrowed \$17 million in anticipation of the receipt of taxes to be levied for the fiscal year ending June 30, 2015. The note was dated July 1, 2014 with a maturity date of October 27, 2014. This obligation, with interest, was satisfied on time during the fiscal year.
- The School District budget was approved by the voters for fiscal year 2014-15.
- For the year ended June 30, 2015 the School District implemented the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions". The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. This pronouncement established new

accounting and financial reporting requirements associated with the School District's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS"). Under the new standards, cost-sharing employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At June 30, 2015, the School District reported in its Statement of Net Position a liability of \$1,808,655 for its proportionate share of the ERS net pension liability, while also reporting a pension asset of \$58,368,315 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.

- The School District's total net position, as reflected in the district-wide financial statements, increased by \$23,071,738 (including an adjustment to the opening net position of \$14,868,620 due to the implementation of the provisions contained in GASB Statement No. 68). While the increase of \$16,577,424 in the liability recorded for other post-employment benefit obligations recorded in accordance with GASB Statement No. 45 reduced net position, this amount was more than offset by pension adjustments (pension assets, net pension liabilities and deferred inflows/outflows of resources) in the net positive amount of \$17,829,448 (exclusive of the cumulative effect of the change in accounting principle noted above) recorded in accordance with GASB Statement No. 68.
- The unrestricted portion of net position at year-end is a deficit \$115,183,168. The unrestricted deficit is primarily attributable to the required accrual, under the provisions of GASB Statement No. 45, of the other post-employment benefit ("OPEB") obligations of \$147,162,240 at June 30, 2015, an increase of over \$16.5 million over the liability recorded as of June 30, 2014.

### **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 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.

## 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 \$89,386,167 at the close of the current fiscal year. For the prior year, this same figure was \$112,457,905. The significant decrease from the prior year is primarily due to the change in accounting and reporting of pension obligations in accordance with GASB Statement No. 68 as well as from the closing on the sales of the two School District elementary schools noted earlier.

### Net Position

	June 30,	
	2015	2014
Current Assets	\$ 87,686,284	\$ 21,163,579
Capital Assets, net	35,233,014	41,368,467
Total Assets	122,919,298	62,532,046
Deferred Outflows of Resources	16,271,022	117,627
Current Liabilities	25,679,590	27,536,329
Long-term Liabilities	162,842,700	147,571,249
Total Liabilities	188,522,290	175,107,578
Deferred Inflows of Resources	40,054,197	-
<b>Net Position</b>		
Net Investment in Capital Assets	24,198,587	26,489,447
Restricted		
Capital Projects	2,560	-
Debt Service	1,136,777	356,012
Insurance	101,715	101,544
School Lunch	71,342	-
Special Purposes	286,020	292,770
Unrestricted	(115,183,168)	(139,697,678)
Total Net Position	\$ (89,386,167)	\$ (112,457,905)

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 \$1,598,414 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 \$115,183,168. This deficit results mainly from the accrual of the School District's other post employment benefit obligation aggregating \$147,162,240 as of June 30, 2015.

### Change in Net Position

	June 30,	
	2015	2014
<b>REVENUES</b>		
Program revenues		
Charges for services	\$ 2,910,093	\$ 2,496,759
Operating grants and contributions	38,931,795	34,925,097
Capital grants and contributions	740	5,373
Total Program Revenues	41,842,628	37,427,229
General revenues		
Real property taxes	128,545,097	123,791,727
Other tax items	16,621,739	17,188,595
Unrestricted use of money and property	106,087	60,302
Gain on sale of real property	8,267,709	-
Sale of property and compensation for loss	79,810	80,568
Unrestricted State aid	56,005,261	50,380,900
Miscellaneous	1,716,341	1,639,095
Total General Revenues	211,342,044	193,141,187
Total Revenues	253,184,672	230,568,416
<b>EXPENSES</b>		
General support	24,464,172	24,421,393
Instruction	185,312,804	192,315,490
Pupil transportation	30,477,414	28,274,473
Community service	123,367	112,414
Cost of food sales	4,189,778	3,944,508
Other	20,117	27,100
Debt service - interest	393,902	650,854
Total Expenses	244,981,554	249,746,232
Change in Net Position	8,203,118	(19,177,816)
<b>NET POSITION</b>		
Beginning, as reported	(112,457,905)	(93,280,089)
Cumulative Effect of Change in Accounting Principle	14,868,620	-
Beginning, as restated	(97,589,285)	(93,280,089)
Ending	\$ (89,386,167)	\$ (112,457,905)

The major changes are as follows:

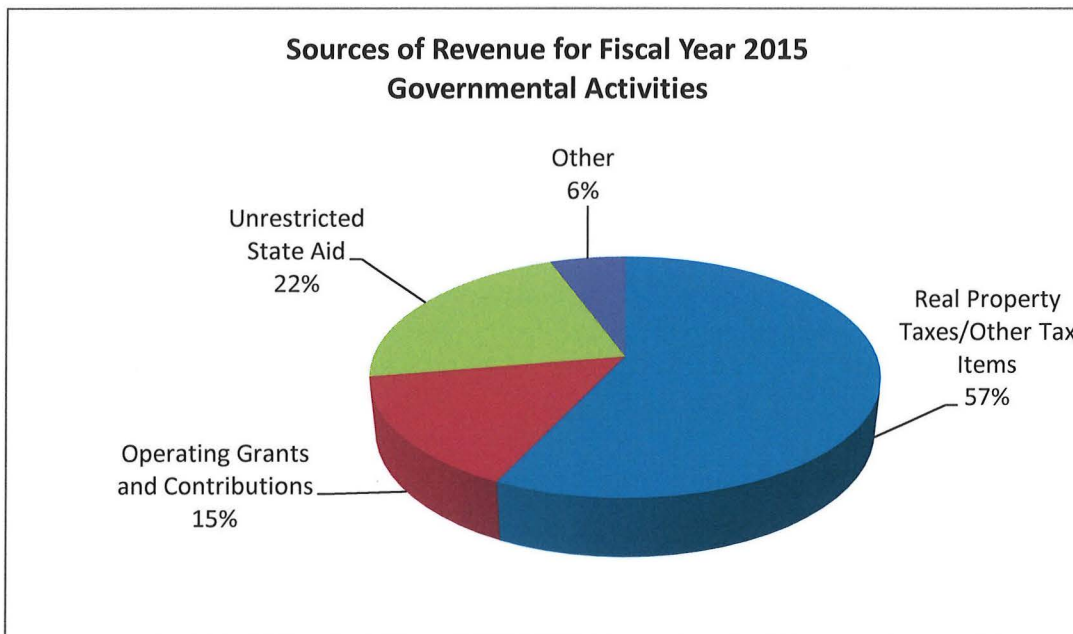
Revenues:

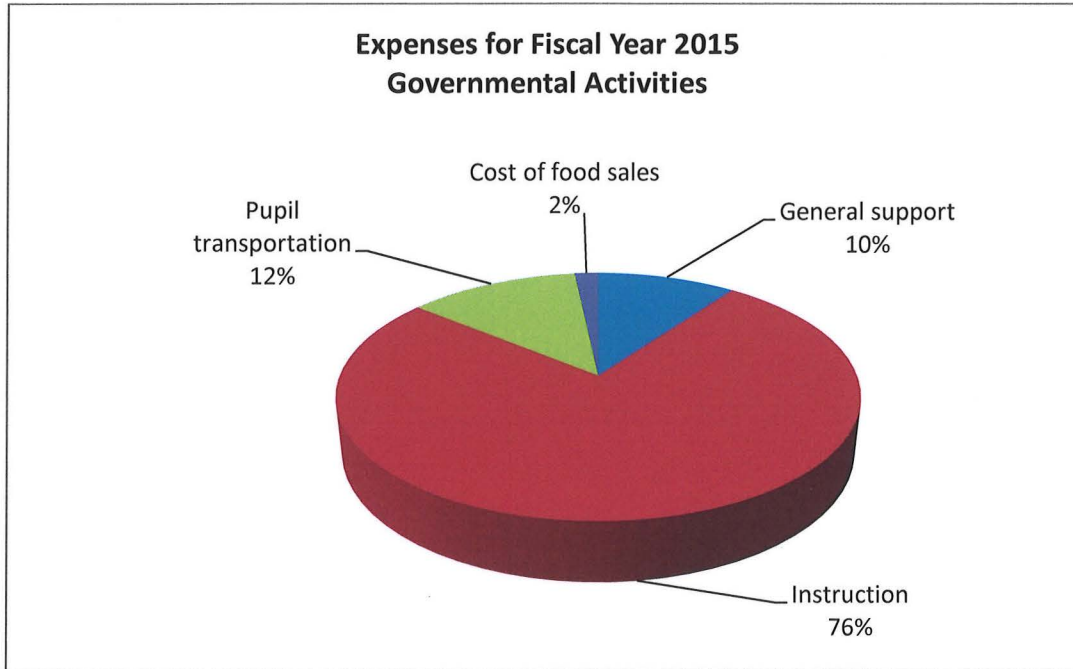
- Real property taxes and other tax items (including the STAR program) increased by \$4,186,514, from \$140,980,322 in 2013-14 to \$145,166,836 in 2014-15, an increase of 2.96% due to a higher tax levy.
- Unrestricted State Aid to the School District increased by \$5,624,361, from \$50,380,900 in 2013-14 to \$56,005,261 in 2014-15, an increase of 11.1% mainly due to a reduction of the Gap Elimination Adjustment (“GEA”).
- In 2014-15, the School District sold the Hillcrest and Colton Elementary schools for a net gain of \$8,267,709.

Expenses:

- General support expenses increased by a modest \$42,279. While legal expenses increased by approximately \$1 million and repairs to various school building ceilings increased by approximately \$550,000, these were offset by reductions of \$680,000 in the amount amortized for payments to the New York State Employees’ Retirement System (“ERS”) and the effects of the reduction in the School District’s proportionate share of the net pension liability for ERS of \$990,000 recorded in accordance with the provisions of GASB Statement No.68 “Accounting and Financial Reporting for Pensions”.
- Instruction expenses at \$185,312,804 decreased from \$192,315,490 in 2013-14. The decrease is due to the implementation of the provisions of GASB Statement No. 68 and, in particular, the effect of recording the net pension asset associated with the School District’s proportionate share of the net pension asset of TRS.

As indicated on the following table, 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 (22%). 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 \$3,664,068 compared to a negative balance of \$6,339,609 in the prior year. Of this amount, \$277,994 is in nonspendable form (\$230,886 for advances to the Capital Projects Fund and \$47,108 for inventories) while \$1,307,946 is restricted for various purposes (\$101,715 for self-insured insurance purposes, \$920,211 for debt service purposes and \$286,020 for special purposes). Another \$963,886 is assigned (\$723,086 to fund open purchase orders at the end of the fiscal year, \$216,566 of the debt service fund balance to offset debt service costs in 2015-16 and \$24,234 for school lunch purposes). The remaining fund balance of \$1,114,242 is unassigned (\$1,402,568 in the General Fund available for any lawful purpose partially offset by a deficit of \$288,326 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 \$1,402,568. This compared to a deficit of \$7,027,250 at the end of the prior fiscal year. The current fund balance position was improved as a result of the sale of the two School District elementary schools.

Instruction expenditures in the General Fund increased from \$133,447,605 at June 30, 2014 to \$141,808,748 at June 30, 2015, an increase of 6.26%. 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 \$210,909,476 was increased by \$999,487 as a result of the rollover of prior year encumbrances for a total original budget of \$211,908,963. The budget was further revised during the 2014-15 fiscal year by a total of \$1,169,964 from unanticipated revenue sources, including \$548,885 from the New York State School Technology Voucher Program settlement and utilized for technology enhancements, \$137,500 from a New York State legislative grant and \$469,179 representing a portion of the proceeds from the sale of the Hillcrest and Colton Elementary school buildings utilized to satisfy outstanding energy performance contract indebtedness. As a result, the final budget totaled \$213,078,927.

Actual revenues and other financing sources exceeded budgetary expectations by \$8,688,210. This was primarily the result of the net proceeds of the sale of the two School District elementary schools, one of which had been budgeted in the 2013-14 fiscal year at \$5,000,000 but the sale did not close until July 2014. Expenditures and other financing uses were \$708,566 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.

**Capital Assets**

At June 30, 2015, the School District had capital assets of \$35,233,014 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,	
	2015	2014
Land	\$ 7,764,601	\$ 7,764,601
Buildings and improvements	26,485,074	32,381,281
Machinery and equipment	983,339	1,222,585
	<u>\$ 35,233,014</u>	<u>\$ 41,368,467</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,	
	2015	2014
Bonds payable	\$ 9,088,028	\$ 11,259,416
Energy performance contract	2,024,816	3,737,231
Compensated absences	695,315	762,450
Claims	190,881	39,287
Net pension liability	1,808,655	-
Retirement incentives and other pension obligations	1,872,765	1,188,049
Other postemployment benefits	147,162,240	130,584,816
	<u>\$ 162,842,700</u>	<u>\$ 147,571,249</u>

The net pension liability of \$1,808,655 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 \$16.5 million to about \$147.2 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 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, 2015

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 18,763,527
Investments	318,596
Receivables	
Accounts	626,102
State and Federal aid	8,721,576
Due from other governments	841,060
Inventories	47,108
Net pension asset	58,368,315
Capital assets	
Not being depreciated	7,764,601
Being depreciated, net	<u>27,468,413</u>
Total Assets	<u>122,919,298</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>16,271,022</u>
<b>LIABILITIES</b>	
Accounts payable	8,599,242
Accrued liabilities	949,687
Due to other governments	68,150
Due to retirement systems	15,896,343
Unearned revenue	140,479
Accrued interest payable	25,689
Non-current liabilities	
Due within one year	3,269,812
Due in more than one year	<u>159,572,888</u>
Total Liabilities	<u>188,522,290</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>40,054,197</u>
<b>NET POSITION</b>	
Net investment in capital assets	24,198,587
Restricted	
Capital projects	2,560
Debt service	1,136,777
Insurance	101,715
School lunch	71,342
Special purposes	286,020
Unrestricted	<u>(115,183,168)</u>
Total Net Position	<u>\$ (89,386,167)</u>

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

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

Statement of Activities  
Year Ended June 30, 2015

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	\$ 24,464,172	\$ 604,303	\$ 36,622	\$ -	\$ (23,823,247)
Instruction	185,312,804	1,938,064	35,000,447	-	(148,374,293)
Pupil transportation	30,477,414	-	-	-	(30,477,414)
Community services	123,367	-	-	-	(123,367)
Cost of food sales	4,189,778	367,726	3,881,359	-	59,307
Other	20,117	-	13,367	-	(6,750)
Interest	393,902	-	-	740	(393,162)
<b>Total Governmental Activities</b>	<b>\$ 244,981,554</b>	<b>\$ 2,910,093</b>	<b>\$ 38,931,795</b>	<b>\$ 740</b>	<b>(203,138,926)</b>
General revenues					
Real property taxes					128,545,097
Other tax items					
School tax relief reimbursement					16,238,862
Payments in lieu of taxes					382,877
Unrestricted use of money and property					106,087
Gain on sale of real property					8,267,709
Sale of property and compensation of loss					79,810
Unrestricted State aid					56,005,261
Miscellaneous					1,716,341
<b>Total General Revenues</b>					<b>211,342,044</b>
<b>Change in Net Position</b>					<b>8,203,118</b>
Net Position - Beginning, as reported					(112,457,905)
Cumulative Effect of Change in Accounting Principle					14,868,620
Net Position - Beginning, as restated					(97,589,285)
Net Position - Ending					<b>\$ (89,386,167)</b>

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, 2015

	General	Special Aid	Capital Projects
<b>ASSETS</b>			
Cash and equivalents	\$ 14,602,852	\$ 2,256,198	\$ 124,848
Investments	40,589	144	5
Receivables			
Accounts	624,536	1,566	-
State and Federal aid	2,805,969	5,576,474	-
Due from other governments	841,060	-	-
Due from other funds	7,561,699	-	-
Advances to other funds	230,886	-	-
Inventories	-	-	-
Total Assets	<u>\$ 26,707,591</u>	<u>\$ 7,834,382</u>	<u>\$ 124,853</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities			
Accounts payable	\$ 7,268,569	\$ 1,053,497	\$ -
Accrued liabilities	875,795	72,498	-
Due to other governments	68,150	-	-
Due to retirement systems	15,896,343	-	-
Unearned revenues	140,479	-	-
Due to other funds	-	6,708,387	182,293
Advances from other funds	-	-	230,886
Total Liabilities	<u>24,249,336</u>	<u>7,834,382</u>	<u>413,179</u>
Fund balances (deficits)			
Nonspendable	230,886	-	-
Restricted	101,715	-	-
Assigned	723,086	-	-
Unassigned	1,402,568	-	(288,326)
Total Fund Balances (Deficits)	<u>2,458,255</u>	<u>-</u>	<u>(288,326)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 26,707,591</u>	<u>\$ 7,834,382</u>	<u>\$ 124,853</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 1,779,629	\$ 18,763,527
277,858	318,596
-	626,102
339,133	8,721,576
-	841,060
1	7,561,700
-	230,886
47,108	47,108
<u>\$ 2,443,729</u>	<u>\$ 37,110,555</u>

\$ 277,176	\$ 8,599,242
1,394	949,687
-	68,150
-	15,896,343
-	140,479
671,020	7,561,700
-	230,886
<u>949,590</u>	<u>33,446,487</u>

47,108	277,994
1,206,231	1,307,946
240,800	963,886
-	1,114,242
<u>1,494,139</u>	<u>3,664,068</u>
<u>\$ 2,443,729</u>	<u>\$ 37,110,555</u>

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

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

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Fund Balances - Total Governmental Funds \$ 3,664,068

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. 35,233,014

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 78,417  
Deferred amounts on net pension assets (liabilities) (23,861,592)  
(23,783,175)

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

Pension assets 58,368,315

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

Accrued interest payable (25,689)  
Bonds payable (9,088,028)  
Energy performance contract payable (2,024,816)  
Compensated absences (695,315)  
Claims payable (190,881)  
Net pension liability (1,808,655)  
Retirement incentives and other pension obligations (1,872,765)  
Other post employment benefit obligations payable (147,162,240)  
(162,868,389)

Net Position of Governmental Activities \$ (89,386,167)

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, 2015

	General	Special Aid	Capital Projects
<b>REVENUES</b>			
Real property taxes	\$ 128,545,097	\$ -	\$ -
Other tax items	16,621,739	-	-
Charges for services	1,938,064	-	-
Use of money and property	747,012	-	-
Sale of property and compensation for loss	79,810	-	-
State aid	59,469,291	9,145,385	-
Federal aid	828,840	21,003,834	-
Food sales	-	-	-
Miscellaneous	2,262,574	12,125	-
<b>Total Revenues</b>	<b>210,492,427</b>	<b>30,161,344</b>	<b>-</b>
<b>EXPENDITURES</b>			
Current			
General support	19,447,963	-	-
Instruction	111,208,875	30,599,873	-
Pupil transportation	28,649,561	-	-
Community services	72,706	-	-
Employee benefits	47,455,694	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	3,762,288	-	-
Interest	483,659	-	-
Capital outlay	-	-	152,740
<b>Total Expenditures</b>	<b>211,080,746</b>	<b>30,599,873</b>	<b>152,740</b>
Excess (Deficiency) of Revenues Over Expenditures	(588,319)	(438,529)	(152,740)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of real property	10,062,620	-	-
Transfers in	212,603	438,529	128,000
Transfers out	(566,529)	-	-
<b>Total Other Financing Sources</b>	<b>9,708,694</b>	<b>438,529</b>	<b>128,000</b>
<b>Net Change in Fund Balances</b>	<b>9,120,375</b>	<b>-</b>	<b>(24,740)</b>
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year	(6,662,120)	-	(263,586)
End of Year	\$ 2,458,255	\$ -	\$ (288,326)

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



Non-Major Governmental	Total Governmental Funds
\$ -	\$ 128,545,097
-	16,621,739
-	1,938,064
1,025	748,037
-	79,810
114,817	68,729,493
3,766,357	25,599,031
367,726	367,726
13,267	2,287,966
<u>4,263,192</u>	<u>244,916,963</u>
-	19,447,963
-	141,808,748
-	28,649,561
-	72,706
-	47,455,694
4,115,058	4,115,058
20,117	20,117
-	3,762,288
-	483,659
-	152,740
<u>4,135,175</u>	<u>245,968,534</u>
<u>128,017</u>	<u>(1,051,571)</u>
992,628	11,055,248
-	779,132
<u>(212,603)</u>	<u>(779,132)</u>
<u>780,025</u>	<u>11,055,248</u>
908,042	10,003,677
<u>586,097</u>	<u>(6,339,609)</u>
<u>\$ 1,494,139</u>	<u>\$ 3,664,068</u>

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## 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, 2015

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 10,003,677</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.</p>	
Capital outlay expenditures	184,273
Depreciation expense	<u>(3,532,187)</u>
	<u>(3,347,914)</u>
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to decrease net position.</p>	
	<u>(2,787,539)</u>
<p>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.</p>	
Principal paid on serial bonds	2,049,873
Principal paid on energy performance contracts	1,712,415
Amortization of loss on refunding bonds and issuance premium	<u>82,305</u>
	<u>3,844,593</u>
<p>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.</p>	
Accrued interest	7,452
Compensated absences	67,135
Claims payable	(151,594)
Retirement incentives and other pension obligations	(684,716)
Pension assets (liabilities)	17,829,448
Other post employment benefit obligations	<u>(16,577,424)</u>
	<u>490,301</u>
Change in Net Position of Governmental Activities	<u>\$ 8,203,118</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 - Budget And Actual  
 General and Special Aid Funds  
 Year Ended June 30, 2015

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 128,715,958	\$ 128,715,958	\$ 128,545,097	\$ (170,861)
Other tax items	16,579,366	16,579,366	16,621,739	42,373
Charges for services	1,335,000	1,335,000	1,938,064	603,064
Use of money and property	669,790	669,790	747,012	77,222
Sale of property and compensation for loss	67,282	67,282	79,810	12,528
State aid	61,507,584	61,645,084	59,469,291	(2,175,793)
Federal aid	1,000,000	1,000,000	828,840	(171,160)
Miscellaneous	934,496	1,497,781	2,262,574	764,793
<b>Total Revenues</b>	<b>210,809,476</b>	<b>211,510,261</b>	<b>210,492,427</b>	<b>(1,017,834)</b>
<b>EXPENDITURES</b>				
Current				
General support	18,963,881	19,594,744	19,447,963	146,781
Instruction	110,665,801	111,669,316	111,208,875	460,441
Pupil transportation	28,503,997	28,772,222	28,649,561	122,661
Community services	75,994	72,706	72,706	-
Employee benefits	49,526,664	48,135,992	47,455,694	680,298
Debt service				
Principal	3,221,990	3,762,288	3,762,288	-
Interest	490,636	483,659	483,659	-
<b>Total Expenditures</b>	<b>211,448,963</b>	<b>212,490,927</b>	<b>211,080,746</b>	<b>1,410,181</b>
Deficiency of Revenues Over Expenditures	(639,487)	(980,666)	(588,319)	392,347
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of real property	-	469,179	10,062,620	9,593,441
Transfers in	100,000	100,000	212,603	112,603
Transfers out	(460,000)	(588,000)	(566,529)	21,471
<b>Total Other Financing Sources (Uses)</b>	<b>(360,000)</b>	<b>(18,821)</b>	<b>9,708,694</b>	<b>9,727,515</b>
<b>Net Change in Fund Balances</b>	<b>(999,487)</b>	<b>(999,487)</b>	<b>9,120,375</b>	<b>10,119,862</b>
<b>FUND BALANCES (DEFICITS)</b>				
Beginning of Year	999,487	999,487	(6,662,120)	(7,661,607)
End of Year	\$ -	\$ -	\$ 2,458,255	\$ 2,458,255

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
9,369,996	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	-
<u>34,717,747</u>	<u>37,125,666</u>	<u>30,161,344</u>	<u>(6,964,322)</u>
-	-	-	-
35,177,747	37,585,666	30,599,873	6,985,793
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>35,177,747</u>	<u>37,585,666</u>	<u>30,599,873</u>	<u>6,985,793</u>
<u>(460,000)</u>	<u>(460,000)</u>	<u>(438,529)</u>	<u>21,471</u>
-	-	-	-
460,000	460,000	438,529	(21,471)
-	-	-	-
<u>460,000</u>	<u>460,000</u>	<u>438,529</u>	<u>(21,471)</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, 2015

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 1,041,309
Investments	<u>69,277</u>
Total Assets	<u><u>\$ 1,110,586</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 533,515
Employee payroll deductions	377,179
Escrow deposits	72,552
Student activity funds	<u>127,340</u>
Total Liabilities	<u><u>\$ 1,110,586</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, 2015

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### **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



## East Ramapo Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

major 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, 2015.

**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 PT Asset Management, a subsidiary of 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 18<sup>th</sup> 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, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Advances To/From Other Funds** - Advances to/from other funds 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 is 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 \$140,479 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 \$78,417 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 3,E.

**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 include 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 will be 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 8, 2015.

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

**A. Budgetary Data**

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

- a) 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.

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

- f) 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. Major amendments in the General Fund for the current year are as follows:

Software expenditures funded by the School Technology Voucher Program	\$ 548,885
Satisfaction of a portion of energy performance contracts funded by sale of school buildings	469,179
Operating expenditures funded by New York State legislative grant	137,500
Operating expenditures funded by miscellaneous revenues	<u>14,400</u>
	<u>\$ 1,169,964</u>



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

**B. Limitation on Fund Balance**

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

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. Expenditures in Excess of Budget**

The Warehouse capital project exceeded its budgetary provision by \$20,445.

**E. Capital Projects Fund Deficit**

The unassigned deficit of \$288,326 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.

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

For the year ended June 30, 2015, the School District implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date". These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be used to project benefits payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. As a result of adopting these standards, the district-wide financial statements reflect a cumulative effect for the change in accounting principle of \$14,868,620.

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

Notes to Financial Statements (Continued)  
June 30, 2015

**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, 2015 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 7,561,699	\$ -
Special Aid	-	6,708,387
Capital Projects	-	182,293
Non-Major Governmental	1	671,020
	<u>\$ 7,561,700</u>	<u>\$ 7,561,700</u>
<u>Fund</u>	<u>Advances To</u>	<u>Advances From</u>
General	\$ 230,886	\$ -
Capital Projects	-	230,886
	<u>\$ 230,886</u>	<u>\$ 230,886</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.

**B. Capital Assets**

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

<u>Class</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Capital Assets, not being depreciated - Land	<u>\$ 7,764,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,764,601</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 92,420,733	\$ 117,000	\$ 7,686,004	\$ 84,851,729
Machinery and Equipment	<u>8,756,316</u>	<u>67,273</u>	<u>5,343</u>	<u>8,818,246</u>
Total Capital Assets, being depreciated	<u>101,177,049</u>	<u>184,273</u>	<u>7,691,347</u>	<u>93,669,975</u>

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

Class	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 60,039,452	\$ 3,225,668	\$ 4,898,465	\$ 58,366,655
Machinery and Equipment	<u>7,533,731</u>	<u>306,519</u>	<u>5,343</u>	<u>7,834,907</u>
Total Accumulated Depreciation	<u>67,573,183</u>	<u>3,532,187</u>	<u>4,903,808</u>	<u>66,201,562</u>
Total Capital Assets, being depreciated, net	<u>\$ 33,603,866</u>	<u>\$ (3,347,914)</u>	<u>\$ 2,787,539</u>	<u>\$ 27,468,413</u>
Capital Assets, net	<u>\$ 41,368,467</u>	<u>\$ (3,347,914)</u>	<u>\$ 2,787,539</u>	<u>\$ 35,233,014</u>

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

General Support	\$ 139,379
Instruction	3,149,440
Pupil Transportation	168,648
Cost of Food Sales	<u>74,720</u>
Total Depreciation Expense	<u>\$ 3,532,187</u>

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2015 were as follows:

	Fund			Total
	General	Special Aid	Non-Major Governmental	
Payroll and employee benefits	\$ 566,329	\$ 72,498	\$ 1,394	\$ 640,221
Other	<u>309,466</u>	<u>-</u>	<u>-</u>	<u>309,466</u>
	<u>\$ 875,795</u>	<u>\$ 72,498</u>	<u>\$ 1,394</u>	<u>\$ 949,687</u>

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

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

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

Purpose	Date of Original Issue	Maturity Date	Interest Rate	Balance July 1, 2014	New Issues	Redemptions	Balance June 30, 2015
Tax Anticipation Notes	7/1/14	10/27/14	- %	\$ -	\$ 17,000,000	\$ 17,000,000	\$ -
Revenue Anticipation Notes	6/24/14	10/24/14	- %	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -

Interest expenditures/expense of \$54,778 for the tax anticipation notes were recorded in the fund financial statements in the General Fund and in the district-wide financial statements. Interest expenditures/expense of \$8,542 for the revenue anticipation note was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

**E. Long-Term Liabilities**

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

	Balance, as Reported July 01, 2014	Cumulative Effect of Change in Accounting Principle	Balance, as Restated July 01, 2014	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2015	Due Within One-Year
Bonds Payable - Capital construction	\$ 10,894,873	\$ -	\$ 10,894,873	\$ -	\$ 2,049,873	\$ 8,845,000	\$ 2,165,000
Plus - Unamortized premium on bonds	364,543	-	364,543	-	121,515	243,028	-
	11,259,416	-	11,259,416	-	2,171,388	9,088,028	2,165,000
Energy Performance Contract Payable	3,737,231	-	3,737,231	-	1,712,415	2,024,816	878,012
Other Non-current Liabilities:							
Compensated Absences	762,450	-	762,450	8,865	76,000	695,315	70,000
Claims Payable	39,287	-	39,287	190,881	39,287	190,881	21,209
Net Pension Liability	-	2,419,321	2,419,321	-	610,666	1,808,655	-
Retirement Incentives and Other Pension Obligations	1,188,049	-	1,188,049	759,759	75,043	1,872,765	135,591
Other Post Employment Benefit Obligations Payable	130,584,816	-	130,584,816	27,583,064	11,005,640	147,162,240	-
Total Other Non-current Liabilities	132,574,602	2,419,321	134,993,923	28,542,569	11,806,636	151,729,856	226,800
Total Long-Term Liabilities	\$ 147,571,249	\$ 2,419,321	\$ 149,990,570	\$ 28,542,569	\$ 15,690,439	\$ 162,842,700	\$ 3,269,812

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.

**Bonds Payable**

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

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2015
Refunding Bonds	2011	\$ 8,280,000	May, 2017	5.00 %	\$ 3,035,000
Various District Improvements	2012	7,180,000	June, 2025	2.75 - 3.00	5,530,000
Real Property Tax Refunds	2013	364,873	June, 2018	1.50 - 2.00	280,000
					<u>\$ 8,845,000</u>

## East Ramapo Central School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

Interest expenditures of \$385,836 were recorded in the fund financial statements in the General Fund. Interest expense of \$296,079 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, 2015 was \$2,024,816. Interest expenditures/expense of \$34,503 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, energy performance contract, and retirement incentive and other pension obligation debt outstanding at June 30, 2015, including interest payments of \$1,134,956 are as follows:

Year Ended June 30,	Bonds		Energy Performance Contract		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 2,165,000	\$ 313,025	\$ 878,012	\$ 66,586	\$ 3,043,012	\$ 379,611
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 - 2025	2,475,000	176,238	-	-	2,475,000	176,238
	<u>\$ 8,845,000</u>	<u>\$ 1,034,425</u>	<u>\$ 2,024,816</u>	<u>\$ 100,531</u>	<u>\$ 10,869,816</u>	<u>\$ 1,134,956</u>

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

#### **Compensated Absences**

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 \$190,881 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.

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

**Pension Plans**

*Employees' Retirement System*

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

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

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

At June 30, 2015, the School District reported a liability of \$1,808,655 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At March 31, 2015, the School District's proportion was .0535383%. For this first year of implementation, the ERS reported no change in the allocation percentage measured as of March 31, 2014.

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

For the year ended June 30, 2015, the School District recognized pension expense in the district-wide financial statements of \$1,669,993. Pension expenditures of \$1,606,951 and \$208,313 were recorded in the fund financial statements and were charged to the General and Special Aid funds, respectively. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 57,897	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	314,140	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	121,846	-
School District contributions subsequent to the measurement date	<u>913,613</u>	<u>-</u>
	<u>\$ 1,407,496</u>	<u>\$ -</u>

\$913,613 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

<u>Year Ended March 31,</u>	
2016	\$ 123,471
2017	123,471
2018	123,471
2019	123,470
Thereafter	-

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

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

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

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

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

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

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

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

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



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

Notes to Financial Statements (Continued)  
June 30, 2015

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

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability (asset)	<u>\$ 12,055,466</u>	<u>\$ 1,808,655</u>	<u>\$ (6,842,195)</u>

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

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

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2015 represent the projected employer contribution for the period of April 1, 2015 through June 30, 2015 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2015 were \$913,613.

*Teachers' Retirement System*

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

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

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

At June 30, 2015, the School District reported an asset of \$58,368,315 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The School District's proportion of the net pension asset was based on the School District's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2014, the School District's proportion was .523982%, which was a decrease of .035719% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension expense in the district-wide financial statements of \$(2,343,432). Pension expenditures of \$13,600,704 and \$893,293 were recorded in the fund financial statements and were charged to the General and Special Aid funds, respectively. At June 30, 2015, 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	\$ -	\$ 853,530
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	39,200,667
Changes in proportion and differences between School District contributions and proportionate share of contributions	210,631	-
School District contributions subsequent to the measurement date	<u>14,574,478</u>	<u>-</u>
	<u>\$ 14,785,109</u>	<u>\$ 40,054,197</u>

\$14,574,478 reported as deferred outflows of resources related to TRS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2015	\$ 9,874,922
2016	9,874,922
2017	9,874,922
2018	9,874,922
2019	74,756
Thereafter	269,122

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

Notes to Financial Statements (Continued)  
 June 30, 2015

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

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

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

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

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

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

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

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

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

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

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

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

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

	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
School District's proportionate share of the net pension asset	<u>\$ 1,259,086</u>	<u>\$ 58,368,315</u>	<u>\$ 107,033,310</u>

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

Notes to Financial Statements (Continued)  
 June 30, 2015

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

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

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

Employer and employee contributions for the year ended June 30, 2015 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2015 represent employee and employer contributions for the fiscal year ended June 30, 2015 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions to TRS as of June 30, 2015 were \$14,982,730.

**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.

	Original Amount Amortized	Current Year Payments	Principal Balance Due	Principal Due Within One Year
2014	\$ 1,193,538	\$ 125,409	\$ 1,113,006	\$ 83,560
2015	<u>759,759</u>	<u>-</u>	<u>759,759</u>	<u>52,031</u>
	<u>\$ 1,953,297</u>	<u>\$ 125,409</u>	<u>\$ 1,872,765</u>	<u>\$ 135,591</u>

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

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

**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.

The amortization basis is the level dollar method with an open amortization approach with 23 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, 2015 was as follows:

Active Employees	1,085
Retired Employees	<u>1,236</u>
Total	<u><u>2,321</u></u>

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

Notes to Financial Statements (Continued)  
June 30, 2015

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

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2014	\$ 340,268,491
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 340,268,491</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 95,988,079</u>
UAAL as a Percentage of Covered Payroll	<u>354.49%</u>
Annual Required Contribution	\$ 29,620,953
Interest on Net OPEB Obligation	5,223,393
Adjustment to Annual Required Contribution	<u>(7,261,282)</u>
Annual OPEB Cost	27,583,064
Contributions Made	<u>(11,005,640)</u>
Increase in Net OPEB Obligation	16,577,424
Net OPEB Obligation - Beginning of Year	<u>130,584,816</u>
Net OPEB Obligation - End of Year	<u>\$ 147,162,240</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
2015	\$ 27,583,064	39.90 %	\$ 147,162,240
2014	27,459,489	36.20	130,584,816
2013	24,228,927	36.37	113,065,126

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.

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

Notes to Financial Statements (Continued)

June 30, 2015

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

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	
General Fund	\$ -	\$ 438,529	\$ 128,000	\$ 566,529
Non-Major Governmental Funds	212,603	-	-	212,603
	<u>\$ 212,603</u>	<u>\$ 438,529</u>	<u>\$ 128,000</u>	<u>\$ 779,132</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 and Capital Projects funds expenditures.

**G. Net Position**

The components of net position are detailed below:

*Net Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds that 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.

*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, 2015

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

**H. Fund Balances**

	2015				2014			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental	Total
Nonspendable:								
Advances	\$ 230,886	\$ -	\$ -	230,886	\$ 263,586	\$ -	\$ -	\$ 263,586
Inventories	-	-	47,108	47,108	-	-	32,291	32,291
Total Nonspendable	230,886	-	47,108	277,994	263,586	-	32,291	295,877
Restricted:								
Insurance	101,715	-	-	101,715	101,544	-	-	101,544
Debt service	-	-	920,211	920,211	-	-	256,012	256,012
Special purposes	-	-	286,020	286,020	-	-	292,770	292,770
Total Restricted	101,715	-	1,206,231	1,307,946	101,544	-	548,782	650,326
Assigned:								
Purchases on order:								
General support	142,285	-	-	142,285	-	-	-	-
Instruction	458,140	-	-	458,140	-	-	-	-
Transportation	122,661	-	-	122,661	-	-	-	-
	723,086	-	-	723,086	-	-	-	-
Subsequent year's expenditures -								
Debt Service Fund	-	-	216,566	216,566	-	-	100,000	100,000
School lunch fund	-	-	24,234	24,234	-	-	-	-
Total Assigned	723,086	-	240,800	963,886	-	-	100,000	100,000
Unassigned:								
Purchases on order:								
General support	-	-	-	-	289,501	-	-	289,501
Instruction	-	-	-	-	549,870	-	-	549,870
Transportation	-	-	-	-	160,116	-	-	160,116
	-	-	-	-	999,487	-	-	999,487
Other	1,402,568	(288,326)	-	1,114,242	(8,026,737)	(263,586)	(94,976)	(8,385,299)
Total Unassigned	1,402,568	(288,326)	-	1,114,242	(7,027,250)	(263,586)	(94,976)	(7,385,812)
Total Fund Balances (Deficits)	\$ 2,458,255	\$ (288,326)	\$ 1,494,139	\$ 3,664,068	\$ (6,662,120)	\$ (263,586)	\$ 586,097	\$ (6,339,609)

**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, 2015, 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**

On May 14, 2014, a petition was filed with the Commissioner of Education, challenging the Board of Education's decision to settle litigation with HASC and Bais Malka over the contract of sale of the Colton Elementary School. The petitioner also sought a stay of the sale of the Colton Elementary School alleging that there was a gift of public funds in violation of the New York State Constitution. The School District opposed the petitioner's request for a stay. Furthermore, on May 29, 2014, the School District filed its answer with affirmative defenses and supporting affirmation and affidavits in opposition to the underlying petition with the Commissioner of Education. The Commissioner denied the application for a stay, but the appeal is still pending. However, since the stay was denied, the School District was able to close on the sale of the property to Bais Malka HASC LLC in July of 2014.

In 2011, the School District entered into an energy performance contract with Johnson Controls, Inc. to install numerous energy efficient controls and devices throughout the School District's buildings. It is not clear if an actual contract was signed and approved by both parties. The School District was unable to secure financing for the project and was unaware that work had commenced. The School District is working to resolve the matters including payment of up to \$1,700,000 for the work that had been done.

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

There is currently pending a multiple plaintiff lawsuit commenced against the School District, the Board of Education and individual School Board members, which has been filed in the United States District Court for the Southern District of New York. The plaintiff in this proceeding is seeking to 1) prohibit expenditure of School District funds to defend the appeal filed with the State Education Commissioner, 2) prohibit with respect to placement at School District expense or continued placement in a special education program not located in a public school of the School District absent a showing that the School District cannot attend to the child's special education needs, 3) prohibit the expenditure of School District money on any textbook which is not entirely secular in nature and 4) prohibit contracts with any entity controlled by a religious institution to provide Title 1 services in any school in the School District. The School District's legal counsel has not provided a range of the School District's potential liability in this case.

There is an administrative proceeding before the Commissioner of Education for the State of New York. The petition, filed December 4, 2012, seeks the removal of all then-current Board members from elected office, the appointment of a permanent monitor to oversee and approve Board decisions, the appointment of an oversight committee to study the potential for redistricting, and a recommendation from the Commissioner that the State take over the School District. The petition further sought interim relief in the form of an appointment of a monitor to oversee and approve Board decisions, pending determination of the appeal. Pursuant to its obligations under Public Officers Law Section 18, the School District has resolved to defend and indemnify the respondents. On December 21, 2012, the Commissioner denied the petitioner's request for interim relief. The appeal has been fully briefed since January 22, 2013 and is still pending.

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 Single Audit Act. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

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

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

**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.

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 20, 2015 issued a tax anticipation note in the amount of \$15,000,000, due October 29, 2015, and bearing interest at 2.0%.

In August 2015, the Commissioner of Education appointed a state monitor with the power to review programmatic and financial details of the School District and to issue a report on its findings. The state monitor does not have the authority to override decisions made by the Board of Education.

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**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, 2012	\$ -	\$ 296,910,662	\$ 296,910,662	- %	\$ 98,704,838	300.81 %
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

**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)

---

	<u>2015</u>
School District's proportion of the net pension liability (asset)	<u>0.523982%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (58,368,315)</u>
School District's covered-employee payroll	<u>\$ 84,365,066</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>69.19%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>111.48%</u>

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

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

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

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

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	<u>2015</u>
Contractually required contribution	\$ 14,574,478
Contributions in relation to the contractually required contribution	<u>(14,574,478)</u>
Contribution deficiency (excess)	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 84,365,066</u>
Contributions as a percentage of covered-employee payroll	<u>17.28%</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)

---

	<u>2015</u>
School District's proportion of the net pension liability (asset)	<u>0.0535383%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 1,808,655</u>
School District's covered-employee payroll	<u>\$ 13,973,972</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>12.94%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.90%</u>

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

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



**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)

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	<u>2015</u>
Contractually required contribution	\$ 2,140,192
Contributions in relation to the contractually required contribution	<u>(2,140,192)</u>
Contribution deficiency (excess)	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 13,973,972</u>
Contributions as a percentage of covered-employee payroll	<u>15.32%</u>

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

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

General Fund  
Comparative Balance Sheet  
June 30,

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 14,602,852	\$ 8,238,536
Investments	40,589	40,574
Receivables		
Accounts	624,536	462,598
State and Federal aid	2,805,969	4,002,327
Due from other governments	841,060	537,453
Due from other funds	7,561,699	5,815,258
Advances to other funds	230,886	263,586
	<u>12,064,150</u>	<u>11,081,222</u>
Total Assets	<u>\$ 26,707,591</u>	<u>\$ 19,360,332</u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>		
Liabilities		
Accounts payable	\$ 7,268,569	\$ 8,453,908
Accrued liabilities	875,795	966,713
Due to other governments	68,150	68,150
Due to retirement systems	15,896,343	14,038,094
Deposits payable	-	427,878
Unearned revenues	140,479	67,709
Revenue anticipation notes payable	-	2,000,000
Total Liabilities	<u>24,249,336</u>	<u>26,022,452</u>
Fund balance (deficit)		
Nonspendable	230,886	263,586
Restricted	101,715	101,544
Assigned	723,086	-
Unassigned	1,402,568	(7,027,250)
Total Fund Balance (Deficit)	<u>2,458,255</u>	<u>(6,662,120)</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 26,707,591</u>	<u>\$ 19,360,332</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,

	2015			Encumbrances	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual		
<b>REVENUES</b>					
Real property taxes	\$ 128,715,958	\$ 128,715,958	\$ 128,545,097	\$	\$ (170,861)
Other tax items	16,579,366	16,579,366	16,621,739		42,373
Charges for services	1,335,000	1,335,000	1,938,064		603,064
Use of money and property	669,790	669,790	747,012		77,222
Sale of property and compensation for loss	67,282	67,282	79,810		12,528
State aid	61,507,584	61,645,084	59,469,291		(2,175,793)
Federal aid	1,000,000	1,000,000	828,840		(171,160)
Miscellaneous	934,496	1,497,781	2,262,574		764,793
<b>Total Revenues</b>	<b>210,809,476</b>	<b>211,510,261</b>	<b>210,492,427</b>		<b>(1,017,834)</b>
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	242,975	257,466	256,896	570	-
Central administration	409,709	499,564	499,564	-	-
Finance	1,255,477	1,112,627	1,088,535	24,092	-
Staff	3,242,720	5,010,492	4,939,529	70,962	1
Central services	10,730,738	10,349,678	10,298,522	46,661	4,495
Special items	3,082,262	2,364,917	2,364,917	-	-
<b>Total General Support</b>	<b>18,963,881</b>	<b>19,594,744</b>	<b>19,447,963</b>	<b>142,285</b>	<b>4,496</b>
Instruction					
Instruction, administration and improvement	5,911,645	6,230,534	6,212,183	18,351	-
Teaching - Regular school	47,305,434	48,229,536	48,064,162	163,073	2,301
Programs for children with handicapping conditions	39,442,552	39,261,742	39,050,955	210,787	-
Teaching - Special schools	3,422,029	3,406,535	3,406,535	-	-
Instructional media	2,771,645	2,692,153	2,632,154	59,999	-
Pupil services	11,812,496	11,848,816	11,842,886	5,930	-
<b>Total Instruction</b>	<b>110,665,801</b>	<b>111,669,316</b>	<b>111,208,875</b>	<b>458,140</b>	<b>2,301</b>
Pupil transportation	28,503,997	28,772,222	28,649,561	122,661	-
Community services	75,994	72,706	72,706	-	-
Employee benefits	49,526,664	48,135,992	47,455,694	-	680,298
Debt service					
Principal	3,221,990	3,762,288	3,762,288	-	-
Interest	490,636	483,659	483,659	-	-
<b>Total Expenditures</b>	<b>211,448,963</b>	<b>212,490,927</b>	<b>211,080,746</b>	<b>723,086</b>	<b>687,095</b>
Excess (Deficiency) of Revenues Over Expenditures	(639,487)	(980,666)	(588,319)	(723,086)	(330,739)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of real property	-	469,179	10,062,620	-	9,593,441
Transfers in	100,000	100,000	212,603	-	112,603
Transfers out	(460,000)	(588,000)	(566,529)	-	21,471
<b>Total Other Financing Sources (Uses)</b>	<b>(360,000)</b>	<b>(18,821)</b>	<b>9,708,694</b>	<b>-</b>	<b>9,727,515</b>
<b>Net Change in Fund Balance</b>	<b>(999,487)</b>	<b>(999,487)</b>	<b>9,120,375</b>	<b>\$ (723,086)</b>	<b>\$ 9,396,776</b>
<b>FUND BALANCE (DEFICIT)</b>					
Beginning of Year	999,487	999,487	(6,662,120)		
End of Year	\$ -	\$ -	\$ 2,458,255		

2014				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 124,161,798	\$ 124,161,798	\$ 123,791,727	\$	\$ (370,071)
17,165,774	17,165,774	17,188,595		22,821
1,695,128	1,695,128	1,693,987		(1,141)
591,790	591,790	332,645		(259,145)
66,856	66,856	80,568		13,712
58,569,283	55,069,283	54,588,200		(481,083)
-	-	985,010		985,010
2,166,836	2,167,336	1,639,269		(528,067)
<u>204,417,465</u>	<u>200,917,965</u>	<u>200,300,001</u>		<u>(617,964)</u>
200,635	194,311	194,311	-	-
388,356	384,417	364,404	3	20,010
1,390,565	1,129,744	1,087,443	40,851	1,450
3,245,456	3,883,513	3,849,627	31,928	1,958
10,000,682	10,058,293	9,841,574	216,719	-
1,947,603	2,367,234	2,367,234	-	-
<u>17,173,297</u>	<u>18,017,512</u>	<u>17,704,593</u>	<u>289,501</u>	<u>23,418</u>
6,110,453	6,024,886	5,979,741	17,312	27,833
45,680,101	46,004,993	45,716,809	242,401	45,783
38,676,604	38,527,868	38,304,561	220,515	2,792
3,024,232	3,040,287	3,037,737	-	2,550
2,837,404	2,748,325	2,698,826	32,329	17,170
11,307,004	11,264,827	11,225,031	37,313	2,483
<u>107,635,798</u>	<u>107,611,186</u>	<u>106,962,705</u>	<u>549,870</u>	<u>98,611</u>
25,631,577	25,993,704	25,735,253	160,116	98,335
115,672	67,205	67,205	-	-
47,875,547	45,557,852	45,499,188	-	58,664
10,328,394	10,328,393	2,915,902	-	7,412,491
794,918	764,966	764,966	-	-
<u>209,555,203</u>	<u>208,340,818</u>	<u>199,649,812</u>	<u>999,487</u>	<u>7,691,519</u>
<u>(5,137,738)</u>	<u>(7,422,853)</u>	<u>650,189</u>	<u>(999,487)</u>	<u>7,073,555</u>
5,000,000	5,000,000	-	-	(5,000,000)
100,000	100,000	100,000	-	-
(895,037)	(966,820)	(966,820)	-	-
<u>4,204,963</u>	<u>4,133,180</u>	<u>(866,820)</u>	<u>-</u>	<u>(5,000,000)</u>
(932,775)	(3,289,673)	(216,631)	\$ (999,487)	\$ 2,073,555
<u>932,775</u>	<u>3,289,673</u>	<u>(6,445,489)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,662,120)</u>		

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

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REAL PROPERTY TAXES</b>	\$ 128,715,958	\$ 128,715,958	\$ 128,545,097	\$ (170,861)
<b>OTHER TAX ITEMS</b>				
School tax relief reimbursement	16,238,862	16,238,862	16,238,862	-
Payments in lieu of taxes	340,504	340,504	382,877	42,373
	<u>16,579,366</u>	<u>16,579,366</u>	<u>16,621,739</u>	<u>42,373</u>
<b>CHARGES FOR SERVICES</b>				
Day school tuition - Other districts	1,110,000	1,110,000	1,528,145	418,145
Health services - Other districts	225,000	225,000	406,733	181,733
Other charges for services	-	-	3,186	3,186
	<u>1,335,000</u>	<u>1,335,000</u>	<u>1,938,064</u>	<u>603,064</u>
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	50,000	50,000	142,709	92,709
Rental of real property - Individuals	592,094	592,094	576,307	(15,787)
Rental of real property - BOCES and other governments	27,696	27,696	27,996	300
	<u>669,790</u>	<u>669,790</u>	<u>747,012</u>	<u>77,222</u>
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Minor sales	-	-	41,322	41,322
Insurance recoveries	67,282	67,282	31,934	(35,348)
Other compensation for loss	-	-	6,554	6,554
	<u>67,282</u>	<u>67,282</u>	<u>79,810</u>	<u>12,528</u>

**STATE AID**

Basic formula	54,955,621	54,955,621	53,314,652	(1,640,969)
BOCES	1,991,650	1,991,650	1,793,328	(198,322)
Tuition aid for students with disabilities	2,100,000	2,100,000	1,132,831	(967,169)
Textbooks	1,717,210	1,717,210	1,716,089	(1,121)
Computer software	565,447	565,447	455,465	(109,982)
Library materials	177,656	177,656	156,322	(21,334)
Tax limitation aid	-	137,500	897,281	759,781
Emergency management assistance	-	-	3,323	3,323

	<u>61,507,584</u>	<u>61,645,084</u>	<u>59,469,291</u>	<u>(2,175,793)</u>
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**FEDERAL AID**

Medical assistance	<u>1,000,000</u>	<u>1,000,000</u>	<u>828,840</u>	<u>(171,160)</u>
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**MISCELLANEOUS**

Refund for BOCES' aided services	715,000	715,000	947,533	232,533
Refund of prior year's expenditures	110,000	110,000	203,628	93,628
School technology voucher program	-	548,885	546,233	(2,652)
Other	109,496	123,896	565,180	441,284

	<u>934,496</u>	<u>1,497,781</u>	<u>2,262,574</u>	<u>764,793</u>
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**TOTAL REVENUES**

	<u>210,809,476</u>	<u>211,510,261</u>	<u>210,492,427</u>	<u>(1,017,834)</u>
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**OTHER FINANCING SOURCES**

Sale of real property	-	469,179	10,062,620	9,593,441
Transfers in				
Debt Service Fund	<u>100,000</u>	<u>100,000</u>	<u>212,603</u>	<u>112,603</u>

**TOTAL OTHER FINANCING SOURCES**

	<u>100,000</u>	<u>569,179</u>	<u>10,275,223</u>	<u>9,706,044</u>
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**TOTAL REVENUES AND OTHER FINANCING SOURCES**

	<u>\$ 210,909,476</u>	<u>\$ 212,079,440</u>	<u>\$ 220,767,650</u>	<u>\$ 8,688,210</u>
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East Ramapo Central School District, New York

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

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 4,065	\$ 13,520	\$ 13,520	\$ -	\$ -
District clerk	134,910	146,776	146,206	570	-
District meeting	104,000	97,170	97,170	-	-
Total Board of Education	242,975	257,466	256,896	570	-
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	409,709	499,564	499,564	-	-
<b>FINANCE</b>					
Business administration	472,745	368,812	357,312	11,500	-
Accounting	531,194	536,687	536,687	-	-
Auditing	102,470	112,749	106,642	6,107	-
Treasurer	45,766	34,990	34,990	-	-
Purchasing	103,302	59,389	52,904	6,485	-
Total Finance	1,255,477	1,112,627	1,088,535	24,092	-
<b>STAFF</b>					
Legal	2,703,090	4,412,787	4,344,578	68,208	1
Personnel	529,430	550,693	547,939	2,754	-
Records management officer	-	919	919	-	-
Public information and services	10,200	46,093	46,093	-	-
Total Staff	3,242,720	5,010,492	4,939,529	70,962	1



**CENTRAL SERVICES**

Operation of plant	6,986,315	6,209,968	6,197,631	7,842	4,495
Maintenance of plant	2,325,362	2,596,669	2,563,958	32,711	-
Central storeroom	32,116	47,147	47,147	-	-
Central printing and mailing	585,902	560,300	554,192	6,108	-
Central office supplies	6,320	2,473	2,473	-	-
Central data processing	794,723	933,121	933,121	-	-
<b>Total Central Services</b>	<b>10,730,738</b>	<b>10,349,678</b>	<b>10,298,522</b>	<b>46,661</b>	<b>4,495</b>

**SPECIAL ITEMS**

Unallocated insurance	416,540	420,218	420,218	-	-
School association dues	22,935	21,608	21,608	-	-
Judgments and claims	200,000	-	-	-	-
Assessments on school property	260,000	351,412	351,412	-	-
Refunds of real property taxes	1,095,000	483,090	483,090	-	-
Administrative charge - BOCES	1,087,787	1,088,589	1,088,589	-	-
<b>Total Special Items</b>	<b>3,082,262</b>	<b>2,364,917</b>	<b>2,364,917</b>	<b>-</b>	<b>-</b>
<b>Total General Support</b>	<b>18,963,881</b>	<b>19,594,744</b>	<b>19,447,963</b>	<b>142,285</b>	<b>4,496</b>

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

Curriculum development	189,403	251,183	251,183	-	-
Supervision - Regular school	5,220,003	5,335,968	5,317,617	18,351	-
Supervision - District-wide	458,336	514,860	514,860	-	-
Research, planning and evaluation	8,585	3,460	3,460	-	-
In-service training and instruction	35,318	125,063	125,063	-	-
<b>Total Instruction, Administration and Improvement</b>	<b>5,911,645</b>	<b>6,230,534</b>	<b>6,212,183</b>	<b>18,351</b>	<b>-</b>

**TEACHING - REGULAR SCHOOL**

	47,305,434	48,229,536	48,064,162	163,073	2,301
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**PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS**

Programs for students with disabilities	39,442,552	39,261,742	39,050,955	210,787	-
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**TEACHING - SPECIAL SCHOOLS**

	3,422,029	3,406,535	3,406,535	-	-
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(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, 2015

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
<b>INSTRUCTION (Continued)</b>					
<b><i>INSTRUCTIONAL MEDIA</i></b>					
School library and audiovisual	\$ 767,781	\$ 755,502	\$ 697,653	\$ 57,849	\$ -
Computer assisted instruction	2,003,864	1,936,651	1,934,501	2,150	-
Total Instructional Media	2,771,645	2,692,153	2,632,154	59,999	-
<b><i>PUPIL SERVICES</i></b>					
Attendance - Regular school	31,204	39,533	39,533	-	-
Guidance - Regular school	2,044,786	2,135,912	2,135,912	-	-
Health services - Regular school	2,789,778	2,506,763	2,500,974	5,789	-
Psychological services - Regular school	2,853,065	2,741,700	2,741,700	-	-
Speech therapy - Regular school	3,174,606	3,438,055	3,438,055	-	-
Co-curricular activities - Regular school	329,207	298,369	298,228	141	-
Interscholastic athletics - Regular school	589,850	688,484	688,484	-	-
Total Pupil Services	11,812,496	11,848,816	11,842,886	5,930	-
Total Instruction	110,665,801	111,669,316	111,208,875	458,140	2,301
<b>PUPIL TRANSPORTATION</b>					
District transportation services	4,325,740	3,436,505	3,435,885	620	-
Transportation - BOCES	365,650	408,530	408,530	-	-
Contract transportation	23,812,607	24,927,187	24,805,146	122,041	-
Total Pupil Transportation	28,503,997	28,772,222	28,649,561	122,661	-

**COMMUNITY SERVICES**

Census	75,994	72,706	72,706	-	-
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**EMPLOYEE BENEFITS**

State retirement	2,298,603	1,851,352	1,732,360	-	118,992
Teachers' retirement	13,189,514	13,600,704	13,600,704	-	-
Social security	7,122,763	6,907,081	6,907,081	-	-
Hospital, medical and dental insurance	25,119,104	24,301,589	23,803,654	-	497,935
Unemployment benefits	400,000	130,908	128,209	-	2,699
Workers' compensation benefits	1,396,680	1,344,358	1,283,686	-	60,672
<b>Total Employee Benefits</b>	<b>49,526,664</b>	<b>48,135,992</b>	<b>47,455,694</b>	<b>-</b>	<b>680,298</b>

**DEBT SERVICE**

Principal					
Serial bonds	1,965,000	2,049,873	2,049,873	-	-
Energy performance contracts	1,256,990	1,712,415	1,712,415	-	-
	<u>3,221,990</u>	<u>3,762,288</u>	<u>3,762,288</u>	<u>-</u>	<u>-</u>
Interest					
Serial bonds	379,888	385,836	385,836	-	-
Energy performance contracts	20,748	34,503	34,503	-	-
Revenue anticipation notes	-	8,542	8,542	-	-
Tax anticipation notes	90,000	54,778	54,778	-	-
	<u>490,636</u>	<u>483,659</u>	<u>483,659</u>	<u>-</u>	<u>-</u>
<b>Total Debt Service</b>	<b>3,712,626</b>	<b>4,245,947</b>	<b>4,245,947</b>	<b>-</b>	<b>-</b>

**TOTAL EXPENDITURES**

	<u>211,448,963</u>	<u>212,490,927</u>	<u>211,080,746</u>	<u>723,086</u>	<u>687,095</u>
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**OTHER FINANCING USES**

Transfers out					
Capital Projects Fund	-	128,000	128,000	-	-
Special Aid Fund	460,000	460,000	438,529	-	21,471
<b>TOTAL OTHER FINANCING USES</b>	<u>460,000</u>	<u>588,000</u>	<u>566,529</u>	<u>-</u>	<u>21,471</u>

**TOTAL EXPENDITURES AND OTHER FINANCING USES**

	<u>\$ 211,908,963</u>	<u>\$ 213,078,927</u>	<u>\$ 211,647,275</u>	<u>\$ 723,086</u>	<u>\$ 708,566</u>
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**East Ramapo Central School District, New York**

Special Aid Fund  
Comparative Balance Sheet  
June 30,

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	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 2,256,198	\$ 1,292,941
Investments	<u>144</u>	<u>144</u>
Receivables		
Accounts	1,566	3,645
State and Federal aid	<u>5,576,474</u>	<u>4,793,591</u>
	<u>5,578,040</u>	<u>4,797,236</u>
Total Assets	<u>\$ 7,834,382</u>	<u>\$ 6,090,321</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,053,497	\$ 682,820
Accrued liabilities	72,498	98,746
Due to other funds	<u>6,708,387</u>	<u>5,308,755</u>
Total Liabilities	<u>\$ 7,834,382</u>	<u>\$ 6,090,321</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,

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 9,369,996	\$ 9,453,044	\$ 9,145,385	\$ (307,659)
Federal aid	25,335,626	27,660,497	21,003,834	(6,656,663)
Miscellaneous	12,125	12,125	12,125	-
Total Revenues	34,717,747	37,125,666	30,161,344	(6,964,322)
<b>EXPENDITURES</b>				
Current				
Instruction	35,177,747	37,585,666	30,599,873	6,985,793
Deficiency of Revenues Over Expenditures	(460,000)	(460,000)	(438,529)	21,471
<b>OTHER FINANCING SOURCES</b>				
Transfers in	460,000	460,000	438,529	(21,471)
Net Change in Fund Balance	-	-	-	-
<b>FUND BALANCE</b>				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

2014

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 6,968,768	\$ 7,851,700	\$ 7,164,647	\$ (687,053)
19,809,467	22,231,790	18,813,527	(3,418,263)
25,608	26,274	24,943	(1,331)
26,803,843	30,109,764	26,003,117	(4,106,647)
27,213,843	30,591,547	26,484,900	4,106,647
(410,000)	(481,783)	(481,783)	-
410,000	481,783	481,783	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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

Capital Projects Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 124,848	\$ 4,593
Investments	<u>5</u>	<u>5</u>
Total Assets	<u>\$ 124,853</u>	<u>\$ 4,598</u>
<b>LIABILITIES AND FUND DEFICIT</b>		
Liabilities		
Due to other funds	\$ 182,293	\$ 4,598
Advances from other funds	<u>230,886</u>	<u>263,586</u>
Total Liabilities	413,179	268,184
Fund deficit		
Unassigned	<u>(288,326)</u>	<u>(263,586)</u>
Total Liabilities and Fund Deficit	<u>\$ 124,853</u>	<u>\$ 4,598</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>2015</u>	<u>2014</u>
<b>REVENUES</b>		
State aid	\$ -	\$ 4,594
<b>EXPENDITURES</b>		
Capital outlay	<u>152,740</u>	<u>83,600</u>
Deficiency of Revenues Over Expenditures	(152,740)	(79,006)
<b>OTHER FINANCING SOURCES</b>		
Transfers in	<u>128,000</u>	<u>485,037</u>
Net Change in Fund Balance	(24,740)	406,031
<b>FUND DEFICIT</b>		
Beginning of Year	<u>(263,586)</u>	<u>(669,617)</u>
End of Year	<u><u>\$ (288,326)</u></u>	<u><u>\$ (263,586)</u></u>

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

Capital Projects Fund

Project-Length Schedule

Inception Of Project Through June 30, 2015

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PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
Warehouse	\$ 63,000	\$ 83,445	\$ -	\$ 83,445
Various District Improvements	14,347,900	14,323,656	22,900	14,346,556
Pomona Middle School - Tile Project	117,600	83,600	4,400	88,000
Kakiat Elementary School Steps, Curbs and Sidewalk Repairs	128,000	-	125,440	125,440
Totals	<u>\$ 14,656,500</u>	<u>\$ 14,490,701</u>	<u>\$ 152,740</u>	<u>\$ 14,643,441</u>

Unexpended Balance	Methods of Financing			Total	Fund Balances (Deficits) at June 30, 2015
	Proceeds of Obligations	State and Federal Aid	Transfers		
\$ (20,445)	\$ 63,000	\$ -	\$ -	\$ 63,000	\$ (20,445)
1,344	7,180,000	5,823,419	1,077,096	14,080,515	(266,041)
29,600	-	-	83,600	83,600	(4,400)
2,560	-	-	128,000	128,000	2,560
<u>\$ 13,059</u>	<u>\$ 7,243,000</u>	<u>\$ 5,823,419</u>	<u>\$ 1,288,696</u>	<u>\$ 14,355,115</u>	<u>\$ (288,326)</u>

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

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

	School Lunch	Special Purpose	Debt Service
<b>ASSETS</b>			
Cash and equivalents	\$ 634,223	\$ 9,371	\$ 1,136,035
Investments	468	276,649	741
Receivables			
State and Federal aid	339,133	-	-
Due from other funds	-	-	1
	339,133	-	1
Inventories	47,108	-	-
Total Assets	<u>\$ 1,020,932</u>	<u>\$ 286,020</u>	<u>\$ 1,136,777</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 277,176	\$ -	\$ -
Accrued liabilities	1,394	-	-
Due to other funds	671,020	-	-
Total Liabilities	<u>949,590</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	47,108	-	-
Restricted	-	286,020	920,211
Assigned	24,234	-	216,566
Unassigned	-	-	-
Total Fund Balances	<u>71,342</u>	<u>286,020</u>	<u>1,136,777</u>
Total Liabilities and Fund Balances	<u>\$ 1,020,932</u>	<u>\$ 286,020</u>	<u>\$ 1,136,777</u>

Total Non-Major  
Governmental Funds

2015	2014
\$ 1,779,629	\$ 1,143,122
<u>277,858</u>	<u>287,761</u>
339,133	323,998
1	1
<u>339,134</u>	<u>323,999</u>
<u>47,108</u>	<u>32,291</u>
<u>\$ 2,443,729</u>	<u>\$ 1,787,173</u>
\$ 277,176	\$ 698,524
1,394	646
<u>671,020</u>	<u>501,906</u>
<u>949,590</u>	<u>1,201,076</u>
47,108	32,291
1,206,231	548,782
240,800	100,000
-	(94,976)
<u>1,494,139</u>	<u>586,097</u>
<u>\$ 2,443,729</u>	<u>\$ 1,787,173</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, 2015  
 (With Comparative Totals For 2014)

	School Lunch	Special Purpose	Debt Service
<b>REVENUES</b>			
Use of money and property	\$ 185	\$ 100	\$ 740
State aid	114,817	-	-
Federal aid	3,766,357	-	-
Food sales	367,726	-	-
Miscellaneous	-	13,267	-
	<u>4,249,085</u>	<u>13,367</u>	<u>740</u>
<b>EXPENDITURES</b>			
Current			
Cost of food sales	4,115,058	-	-
Other	-	20,117	-
	<u>4,115,058</u>	<u>20,117</u>	<u>-</u>
Total Expenditures	<u>4,115,058</u>	<u>20,117</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>134,027</u>	<u>(6,750)</u>	<u>740</u>
<b>OTHER FINANCING USES</b>			
Sale of real property	-	-	992,628
Transfers out	-	-	(212,603)
	<u>-</u>	<u>-</u>	<u>780,025</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>780,025</u>
Net Change in Fund Balances	134,027	(6,750)	780,765
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year	<u>(62,685)</u>	<u>292,770</u>	<u>356,012</u>
End of Year	<u>\$ 71,342</u>	<u>\$ 286,020</u>	<u>\$ 1,136,777</u>

Total Non-Major  
Governmental Funds

<u>2015</u>	<u>2014</u>
\$ 1,025	\$ 1,041
114,817	113,796
3,766,357	3,597,989
367,726	531,590
13,267	16,288
<u>4,263,192</u>	<u>4,260,704</u>
4,115,058	3,869,787
<u>20,117</u>	<u>27,100</u>
<u>4,135,175</u>	<u>3,896,887</u>
<u>128,017</u>	<u>363,817</u>
992,628	-
<u>(212,603)</u>	<u>(100,000)</u>
<u>780,025</u>	<u>(100,000)</u>
908,042	263,817
<u>586,097</u>	<u>322,280</u>
<u>\$ 1,494,139</u>	<u>\$ 586,097</u>

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

School Lunch Fund  
Comparative Balance Sheet  
June 30,

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 634,223	\$ 681,634
Investments	468	468
State and Federal aid receivable	339,133	323,998
Inventories	<u>47,108</u>	<u>32,291</u>
 Total Assets	 <u>\$ 1,020,932</u>	 <u>\$ 1,038,391</u>
 <b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>		
Liabilities		
Accounts payable	\$ 277,176	\$ 698,524
Accrued liabilities	1,394	646
Due to other funds	<u>671,020</u>	<u>401,906</u>
 Total Liabilities	 <u>949,590</u>	 <u>1,101,076</u>
 Fund balance (deficit)		
Nonspendable	47,108	32,291
Assigned	<u>24,234</u>	<u>(94,976)</u>
 Total Fund Balance (Deficit)	 <u>71,342</u>	 <u>(62,685)</u>
 Total Liabilities and Fund Balance (Deficit)	 <u>\$ 1,020,932</u>	 <u>\$ 1,038,391</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>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Use of money and property	\$ 185	\$ 165
State aid	114,817	113,796
Federal aid	3,766,357	3,597,989
Food sales	<u>367,726</u>	<u>531,590</u>
 Total Revenues	 4,249,085	 4,243,540
<b>EXPENDITURES</b>		
Current		
Cost of food sales	<u>4,115,058</u>	<u>3,869,787</u>
 Excess of Revenues Over Expenditures	 134,027	 373,753
<b>FUND BALANCE (DEFICIT)</b>		
Beginning of Year	<u>(62,685)</u>	<u>(436,438)</u>
End of Year	<u>\$ 71,342</u>	<u>\$ (62,685)</u>

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

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 9,371	\$ 6,218
Investments	<u>276,649</u>	<u>286,552</u>
Total Assets	<u>\$ 286,020</u>	<u>\$ 292,770</u>
<b>FUND BALANCE</b>		
Restricted	<u>\$ 286,020</u>	<u>\$ 292,770</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>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Use of money and property	\$ 100	\$ 97
Miscellaneous	<u>13,267</u>	<u>16,288</u>
Total Revenues	13,367	16,385
<b>EXPENDITURES</b>		
Current		
Other	<u>20,117</u>	<u>27,100</u>
Deficiency of Revenues Over Expenditures	(6,750)	(10,715)
<b>FUND BALANCE</b>		
Beginning of Year	<u>292,770</u>	<u>303,485</u>
End of Year	<u><u>\$ 286,020</u></u>	<u><u>\$ 292,770</u></u>

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

Debt Service Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 1,136,035	\$ 455,270
Investments	741	741
Due from other funds	<u>1</u>	<u>1</u>
 Total Assets	 <u>\$ 1,136,777</u>	 <u>\$ 456,012</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Due to other funds	<u>\$ -</u>	<u>\$ 100,000</u>
 Fund Balance		
Restricted	920,211	256,012
Assigned	<u>216,566</u>	<u>100,000</u>
 Total Fund Balance	 <u>1,136,777</u>	 <u>356,012</u>
 Total Liabilities and Fund Balance	 <u>\$ 1,136,777</u>	 <u>\$ 456,012</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>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Use of money and property	\$ 740	\$ 779
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>740</u>	<u>779</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Sale of real property	992,628	-
Transfers out	<u>(212,603)</u>	<u>(100,000)</u>
Total Other Financing Sources (Uses)	<u>780,025</u>	<u>(100,000)</u>
Net Change in Fund Balance	780,765	(99,221)
<b>FUND BALANCE</b>		
Beginning of Year	<u>356,012</u>	<u>455,233</u>
End of Year	<u>\$ 1,136,777</u>	<u>\$ 356,012</u>

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

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

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Adopted Budget	\$ 210,909,476
Additions - Encumbrances	<u>999,487</u>
Original Budget	211,908,963
Budget Amendments	<u>1,169,964</u>
Final Budget	<u><u>\$ 213,078,927</u></u>

General Fund  
Section 1318 of Real Property Tax Law Limit Calculation

---

2015-2016 Expenditure Budget	<u>\$ 218,226,651</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	723,086
Unassigned fund balance	<u>1,402,568</u>
Total Unrestricted Fund Balance	2,125,654
Less	
Encumbrances	<u>723,086</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,402,568</u></u>
Actual Percentage	<u><u>0.64%</u></u>

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

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

---

Capital Assets, net		\$ 35,233,014
Plus		
Unamortized portion of loss on refunding bonds		78,417
Less		
Bonds payable	(8,845,000)	
Unamortized portion of issuance premium on refunding bonds	(243,028)	
Energy performance contract payable	<u>(2,024,816)</u>	<u>(11,112,844)</u>
Net Investment in Capital Assets		<u>\$ 24,198,587</u>

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

**Independent Auditors' Report**

**The Board of Education of the  
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, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 8, 2015.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

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

## **Purpose of this Report**

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

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**

Harrison, New York

October 8, 2015

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

**Independent Auditors' Report**

**The Board of Education of the  
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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2015. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2015.

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## Report on Internal Control Over Compliance

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

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

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

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

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**

Harrison, New York

October 8, 2015

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

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

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</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	\$ 871,031
National School Lunch Program - Commodities	10.555	278,336
National School Lunch Program - Cash	10.555	2,519,097
Summer Food Service Program	10.559	97,893
Total U.S. Department of Agriculture		<u>3,766,357</u>
<u>U.S. Department of Education</u>		
Indirect Programs - Passed through New York State Department of Education		
<i>Special Education Cluster - IDEA</i>		
Special Education - Grants to States (IDEA, Part B)	84.027	4,570,699
Special Education - Preschool Grants (IDEA, Preschool)	84.173	117,002
Subtotal Special Education Cluster		4,687,701
Title I Grants to Local Educational Agencies	84.010	12,497,041
Education for Homeless Children and Youth	84.196	41,430
English Language Acquisition Grants	84.365	2,127,314
Improving Teacher Quality State Grants	84.367	1,118,892
State Fiscal Stabilization Fund - Race to the Top Incentive Grants, Recovery Act (ARRA) (2)	84.395	502,447
Total U.S. Department of Education		<u>20,974,825</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	29,009
Total Expenditures of Federal Awards		<u>\$ 24,770,191</u>

(1) Catalog of Federal Domestic Assistance number.

(2) American Recovery and Reinvestment Act

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, 2015

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

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the East Ramapo Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2015. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position 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 OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, which establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments.

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

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

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

**Financial Statements**

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?      Yes   X   No
- Significant deficiency(ies) identified?      Yes   X   None reported

Noncompliance material to financial statements noted?      Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?      Yes   X   No
- Significant deficiency(ies) identified?      Yes   X   None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?      Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch – Commodities
10.555	National School Lunch – Cash
10.559	Summer Food Service Program
	Special Education Cluster:
84.027	Special Education – Grants to States (IDEA, Part B)
84.173	Special Education – Preschool Grants (IDEA, Preschool)
84.365	English Language Acquisition Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$743,106

Auditee qualified as low-risk auditee?   X   Yes      No

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

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

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**Section II - Financial Statement Findings**

None

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

None



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

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

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None