

East Ramapo Central School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2014

East Ramapo Central School District, New York

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - Governmental Funds	15
Reconciliation of Governmental Funds Balance Sheet to the District- Wide Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Aid Funds	21
Statement of Assets and Liabilities - Fiduciary Fund	23
Notes to Financial Statements	24
Required Supplementary Information	
Other Post Employment Benefits	
Schedule of Funding Progress - Last Three Fiscal Years	47
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	48
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	49
Schedule of Revenues and Other Financing Sources Compared to Budget	51
Schedule of Expenditures and Other Financing Uses Compared to Budget	53
Special Aid Fund	
Comparative Balance Sheet	57
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	58
Capital Projects Fund	
Comparative Balance Sheet	60
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	61
Project-Length Schedule	62
Non-Major Governmental Funds	
Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	66

East Ramapo Central School District, New York

Table of Contents (Concluded)

	<u>Page No.</u>
School Lunch Fund	
Comparative Balance Sheet	68
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance	69
Special Purpose Fund	
Comparative Balance Sheet	70
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	71
Debt Service Fund	
Comparative Balance Sheet	72
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	73
Supplementary Information	
Analysis of Change from Adopted Budget to Final Budget	74
Section 1318 of Real Property Tax Law Limit Calculation	74
Schedule of Net Investment in Capital Assets	75
Federal Programs	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	
Schedule of Expenditures of Federal Awards	
Notes to Schedule of Expenditures of Federal Awards	
Summary Schedule of Prior Audit Findings	
Schedule of Findings and Questioned Costs	

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, 2014, 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, 2014, and the respective changes in financial position, thereof, 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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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Schedule of Funding Progress – Other Post Employment Benefits 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 September 23, 2014 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
September 23, 2014

East Ramapo Central School District, New York

Management's Discussion and Analysis (MD&A)
June 30, 2014

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, 2014. 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 2014 are as follows:

- As of June 30, 2014, the total fund balance of the General Fund was in a deficit position of \$6,662,120, a reduction of \$944,964 from the previous year's ending fund deficit. A portion of this fund deficit of \$263,586 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 \$101,544 for funds set aside for self-insured obligations. Encumbrances for various purchase order obligations total \$999,487 and are reported as part of the unassigned fund balance category. *Therefore, the remaining portion of fund balance is reported as unassigned and reflects a deficit of \$8,026,737. This will need to be addressed in future budgets.* 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. For this School District, that amount would be approximately \$8.44 million, or approximately \$16.5 million more than what currently exists.
- Due to the School District's low fund balance position, cash flow borrowings in the form of tax and revenue anticipation notes were necessary. Immediately after the end of the 2013-2014 fiscal year, a new borrowing in the amount of \$17,000,000 in anticipation of the receipt of taxes to be levied for the fiscal year ending June 30, 2015 was required. The note was dated July 1, 2014 with a maturity date of October 27, 2014. Additionally, a note issued in anticipation of State aid payments in the amount of \$2,000,000 for the fiscal year 2014 was required. The note was dated June 24, 2014 with a maturity date of October 27, 2014.
- A budget note in the amount of \$7,412,491, issued in the 2012-13 fiscal year, with an interest rate of 1.25% per annum to cover for under-budgeting during that period in the areas of BOCES services for special education, health insurance and legal expenditures, was budgeted and paid during the 2013-14 fiscal year. Since the principal portion of this obligation was treated as a balance sheet liability in the prior year, the budgeted appropriation went unspent, as the payment was applied against the balance sheet liability, resulting in budgetary surplus for this expenditure account. However, the School District had planned to realize approximately \$5 million from the sale of the Colton Elementary School. The sale did not close until July 2014 so the revenues could not be realized as planned in the 2013-14 fiscal year, thus negatively affecting the budget surplus and not reducing the deficit as planned. However, the net sale proceeds will be recognized in the 2014-15 fiscal year. This should help to reduce the deficit fund balance in the General Fund, assuming all other revenues and expenditures are in line with budgetary estimates.

- On the district-wide financial statements, the liabilities of the School District exceeded assets and deferred outflows of resources by \$112,457,905. The unrestricted portion of net position at year-end is a deficit \$139,697,678. The unrestricted deficit is primarily attributable to the required accrual, under the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 45, of the other post employment benefit (“OPEB”) obligations of \$130,584,816 at June 30, 2014, an increase of over \$17.5 million over the liability recorded as of June 30, 2013.
- The School District budget was approved by the voters for fiscal year 2013-14.

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 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 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, Special Aid and Capital Projects funds, which are considered to be major funds. Data for the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.
- The School District adopts an annual budget for its General and Special Aid funds. A budgetary comparison statement has been provided for these funds within the basic financial statements to demonstrate compliance with the respective budgets.
- The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

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

Notes to Financial Statements

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

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 exceeded assets and deferred outflows of resources by \$112,457,905 at the close of the current fiscal year. For the prior year, this same figure was \$93,280,089. The significant change from the prior year is primarily due to the recognition of the increased OPEB obligation mentioned earlier, as well as operating expenditures in excess of revenues.

Net Position

	June 30,	
	2014	2013*
Current Assets	\$ 21,163,579	\$ 39,977,319
Capital Assets, net	41,368,467	45,199,921
Total Assets	62,532,046	85,177,240
Deferred Outflows of Resources	117,627	156,837
Current Liabilities	27,536,329	46,775,873
Long-term Liabilities	147,571,249	131,838,293
Total Liabilities	175,107,578	178,614,166
Net Position		
Net Investment in Capital Assets	26,489,447	27,381,914
Restricted		
Debt Service	356,012	455,233
Tax Certiorari	-	755,741
Insurance	101,544	101,367
Special Purposes	292,770	303,485
Unrestricted	(139,697,678)	(122,277,829)
Total Net Position	\$ (112,457,905)	\$ (93,280,089)

* Restated for the effects of GASB Statement No. 65

The largest component of the School District's net position reflects its investment in capital assets of \$26,489,447, 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 \$750,326 of net position and are comprised of amounts restricted for specific purposes, i.e., payments of debt service, insurance, etc. The remaining balance represents an unrestricted net deficit of \$139,697,678. This deficit results mainly from the accrual of the School District's other post employment benefit obligation aggregating \$130,584,816 at June 30, 2014.

Change in Net Position

	June 30,	
	2014	2013
REVENUES		
Program revenues		
Charges for services	\$ 2,496,759	\$ 3,311,396
Operating grants and contributions	34,925,097	37,864,444
Capital grants and contributions	5,373	1,560
	37,427,229	41,177,400
General revenues		
Real property taxes	123,791,727	119,806,648
Other tax items	17,188,595	17,194,006
Unrestricted use of money and property	60,302	116,904
Sale of property and compensation for loss	80,568	412,892
Unrestricted State aid	50,380,900	45,022,215
Miscellaneous	1,639,095	2,363,266
	193,141,187	184,915,931
Total General Revenues		
	230,568,416	226,093,331
EXPENSES		
General support	24,421,393	23,446,080
Instruction	192,315,490	192,149,451
Pupil transportation	28,274,473	28,378,678
Community service	112,414	111,297
Cost of food sales	3,944,508	4,671,585
Other	27,100	16,450
Debt service - interest	650,854	709,123
	249,746,232	249,482,664
Total Expenses		
	(19,177,816)	(23,389,333)
Change in Net Position		
NET POSITION		
Beginning	(93,280,089)	(69,890,756)
Ending	\$ (112,457,905)	\$ (93,280,089)

The major changes are as follows:

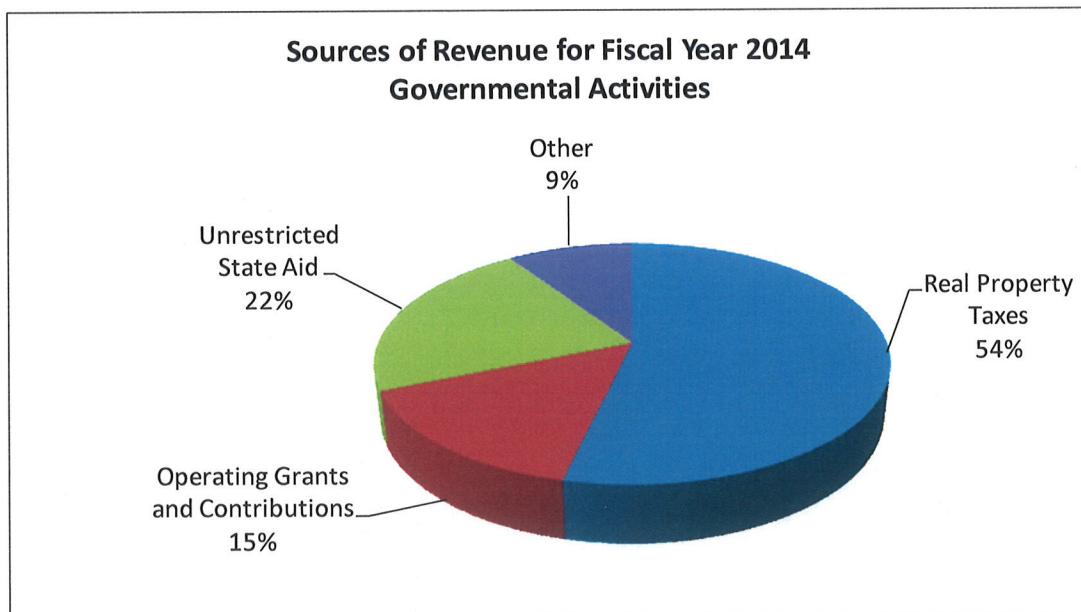
Revenues:

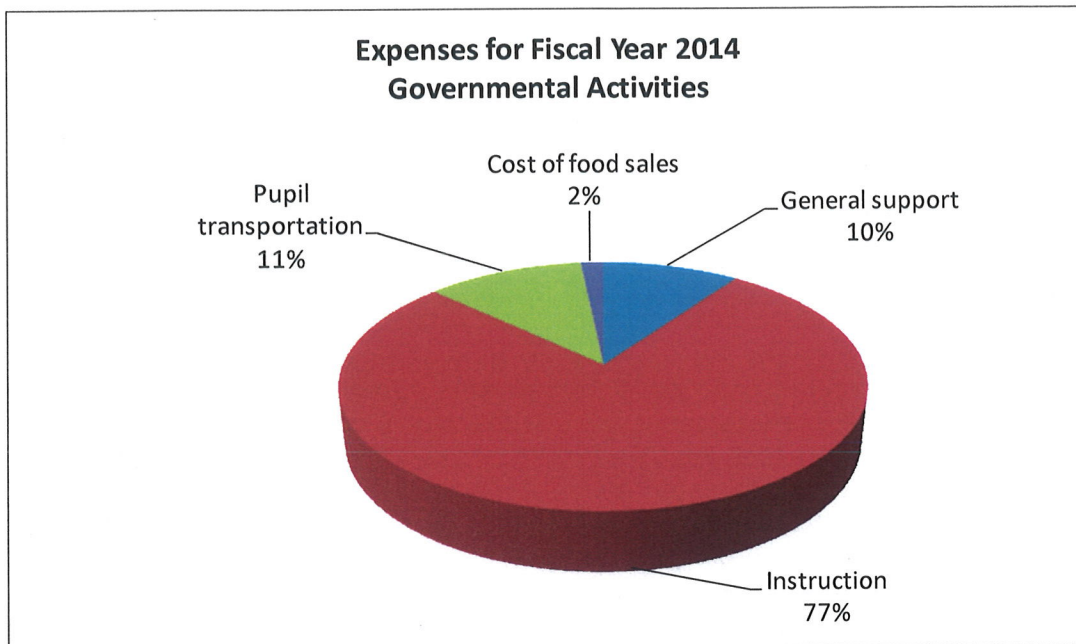
- Real property taxes increased by \$3,985,079, from \$119,806,648 in 2012-13 to \$123,791,727 in 2013-14, an increase of 3.3% due to a higher tax levy.
- Unrestricted State Aid to the School District increased by \$5,358,685, from \$45,022,215 in 2012-13 to \$50,380,900 in 2013-14, an increase of 11.9% mainly due to a reduction of the Gap Elimination Adjustment (“GEA”) for the School District and an increase in state aid for transportation.
- Miscellaneous revenues decreased by \$724,171 mainly due to a reduction of rental property income to account for the reduced rental agreement settlement reached with the tenants utilizing the Colton Elementary School, as well as a drop in interest earnings due to the lower fund balance.
- The \$5,000,000 anticipated proceeds from the sale of the Colton Elementary School did not materialize. The sale occurred on July 24, 2014 and will be recognized in the 2014-15 fiscal year.

Expenses:

- General Support expenses increased by \$975,313, from \$23,446,080 in 2012-13 to \$24,421,393 in 2013-14, due to increased employee benefits and OPEB liability costs.
- Instruction expenses at \$192,315,490 increased slightly from \$192,149,451 in 2012-13.

As indicated on the following charts, the School District relies upon real property taxes as its primary revenue source (54%) and Unrestricted State Aid as its secondary source of revenue (20%). The School District’s instruction costs accounted for 77% 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 negative combined fund balances of \$6,339,609, an improvement of \$453,217 from the prior year. Exclusive of the Capital Projects Fund, the total fund deficit aggregates \$6,076,023. Of this amount, \$295,877 is in nonspendable form (\$263,586 for advances to the Capital Projects Fund and \$32,291 for inventories in the School Lunch Fund) while \$650,326 is restricted for various purposes (\$101,544 for self-insured insurance purposes, \$256,012 for debt service purposes and \$292,770 for special purposes). Another \$100,000 of the fund balance is assigned in the Debt Service Fund to be used to offset debt service obligations in future years. The remainder of the total fund balance is a deficit of \$7,122,226. Of this amount, \$999,487 is earmarked to fund encumbrances and the remainder (a deficit of \$8,121,713) represents the balance of unassigned fund balance. This indicates that the School District does not have any resources available to be used for any discretionary purposes.

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was a deficit of \$6,662,120. This deficit increased modestly by \$216,631 from the previous year. This was primarily the result of not being able to recognize the proceeds from the sale of the Colton Elementary School that was budgeted and expected to take place during the 2013-14 fiscal year. The sale was consummated in July 2014 and, therefore, should help to reduce the deficit in the 2014-15 fiscal year.

More detailed information about the School District's governmental fund balances is presented in note 31 in the notes to financial statements.

General Fund Budgetary Highlights

The original budget of \$210,450,240 (inclusive of the rollover of prior year encumbrances of \$932,775) was reduced by \$3,500,000 resulting from the School District's rejection of lottery spin up aid from New York State. The budget was then increased from the use of fund balance to fund tax certiorari obligations and other operating expenditures by \$2,356,898. Lastly, \$500 in miscellaneous revenues also augmented the operating budget. All of these measures brought the final budget to an aggregate of \$209,307,638. The actual revenue fell short of budgetary expectations by \$5.6 million due in large part to the fact that the 2013-14 budget anticipated net proceeds of \$5 million from the sale of the Colton Elementary School. While the property was sold, the sale closed in July 2014 so it could not be recorded as a revenue source for 2013-14. Expenditures and other financing uses were \$7.6 million less than budgetary expectations. The primary driver of this savings is related to the fact that School District repaid

a budget note of \$7,412,491. While budgeted as an appropriation, this payment is not recorded as an expenditure but as satisfaction of a liability, thus resulting in savings on the expenditure side of the budget.

Capital Assets

At June 30, 2014, the School District had capital assets of \$41,368,467 net of accumulated depreciation invested in a broad range of capital assets, including land, improvements other than buildings, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

	June 30,	
	2014	2013
Land	\$ 7,764,601	\$ 7,764,601
Buildings and improvements	32,381,281	35,844,525
Machinery and equipment	1,222,585	1,590,795
Total	<u>\$ 41,368,467</u>	<u>\$ 45,199,921</u>

More detailed information about the School 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,	
	2014	2013*
Bonds payable	\$ 11,259,416	\$ 13,119,094
Energy performance contract	3,737,231	4,758,133
Compensated absences	762,450	739,103
Claims	39,287	-
Retirement incentives and other pension obligations	1,188,049	-
Other postemployment benefits	130,584,816	113,065,126
	<u>\$ 147,571,249</u>	<u>\$ 131,681,456</u>

*Restated for effects of GASB Statement No. 65.

Under the requirements of GASB Statement No. 45, a full valuation of post-employment benefits was performed during the prior fiscal year by an actuary. The School District's obligations payable for post employment benefits increased by approximately \$17.4 million to \$130.5 million. This liability is expected to continue to increase since there is no mechanism currently in place under state law to allow for the advance funding of this obligation.

More detailed information about the School District's long-term liabilities is presented in Note 3F 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 to the Superintendent for Business
105 S. Madison Avenue
Spring Valley, New York 10977

East Ramapo Central School District, New YorkStatement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 10,679,192
Investments	328,484
Receivables	
Accounts	233,570
State and Federal aid	9,119,916
Due from other governments	770,126
Inventories	32,291
Capital assets	
Not being depreciated	7,764,601
Being depreciated, net	<u>33,603,866</u>
Total Assets	<u>62,532,046</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding bonds	<u>117,627</u>
LIABILITIES	
Accounts payable	9,835,252
Deposit payable	427,878
Accrued liabilities	1,066,105
Unearned revenue	67,709
Due to other governments	68,150
Due to retirement systems	14,038,094
Revenue anticipation notes payable	2,000,000
Accrued interest payable	33,141
Non-current liabilities	
Due within one year	3,328,335
Due in more than one year	<u>144,242,914</u>
Total Liabilities	<u>175,107,578</u>
NET POSITION	
Net investment in capital assets	26,489,447
Restricted	
Debt service	356,012
Insurance	101,544
Special purposes	292,770
Unrestricted	<u>(139,697,678)</u>
Total Net Position	<u>\$ (112,457,905)</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, 2014

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	\$ 24,421,393	\$ 271,182	\$ 1,335	\$ -	\$ (24,148,876)
Instruction	192,315,490	1,693,987	31,195,427	4,594	(159,421,482)
Pupil transportation	28,274,473	-	-	-	(28,274,473)
Community services	112,414	-	-	-	(112,414)
Cost of food sales	3,944,508	531,590	3,711,950	-	299,032
Other	27,100	-	16,385	-	(10,715)
Interest	650,854	-	-	779	(650,075)
Total Governmental Activities	\$ 249,746,232	\$ 2,496,759	\$ 34,925,097	\$ 5,373	(212,319,003)
General revenues					
Real property taxes					123,791,727
Other tax items					
School tax relief reimbursement					16,850,288
Payments in lieu of taxes					338,307
Unrestricted use of money and property					60,302
Sale of property and compensation of loss					80,568
Unrestricted State aid					50,380,900
Miscellaneous					1,639,095
Total General Revenues					193,141,187
Change in Net Position					(19,177,816)
Net Position - Beginning					(93,280,089)
Net Position - Ending					\$ (112,457,905)

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, 2014

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 8,238,536	\$ 1,292,941	\$ 4,593
Investments	40,574	144	5
Receivables			
Accounts	229,925	3,645	-
State and Federal aid	4,002,327	4,793,591	-
Due from other governments	770,126	-	-
Due from other funds	5,815,258	-	-
Advances to other funds	263,586	-	-
Inventories	-	-	-
Total Assets	<u>\$ 19,360,332</u>	<u>\$ 6,090,321</u>	<u>\$ 4,598</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 8,453,908	\$ 682,820	\$ -
Accrued liabilities	966,713	98,746	-
Due to other governments	68,150	-	-
Due to retirement systems	14,038,094	-	-
Deposits payable	427,878	-	-
Unearned revenues	67,709	-	-
Due to other funds	-	5,308,755	4,598
Advances from other funds	-	-	263,586
Revenue anticipation notes payable	2,000,000	-	-
Total Liabilities	<u>26,022,452</u>	<u>6,090,321</u>	<u>268,184</u>
Fund balances (deficits)			
Nonspendable	263,586	-	-
Restricted	101,544	-	-
Assigned	-	-	-
Unassigned	(7,027,250)	-	(263,586)
Total Fund Balances (Deficits)	<u>(6,662,120)</u>	<u>-</u>	<u>(263,586)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 19,360,332</u>	<u>\$ 6,090,321</u>	<u>\$ 4,598</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 1,143,122	\$ 10,679,192
287,761	328,484
-	233,570
323,998	9,119,916
-	770,126
1	5,815,259
-	263,586
32,291	32,291
<u>\$ 1,787,173</u>	<u>\$ 27,242,424</u>

\$ 698,524	\$ 9,835,252
646	1,066,105
-	68,150
-	14,038,094
-	427,878
-	67,709
501,906	5,815,259
-	263,586
-	2,000,000
<u>1,201,076</u>	<u>33,582,033</u>

32,291	295,877
548,782	650,326
100,000	100,000
(94,976)	(7,385,812)
<u>586,097</u>	<u>(6,339,609)</u>
<u>\$ 1,787,173</u>	<u>\$ 27,242,424</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, 2014

Fund Balances - Total Governmental Funds	\$ (6,339,609)
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>41,368,467</u>
Governmental funds do not report the effect of losses on refunding bonds whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	<u>117,627</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(33,141)
Bonds payable	(11,259,416)
Energy performance contract payable	(3,737,231)
Compensated absences	(762,450)
Claims Payable	(39,287)
Retirement incentives and other pension obligations	(1,188,049)
Other post employment benefit obligations payable	<u>(130,584,816)</u>
	<u>(147,604,390)</u>
Net Position of Governmental Activities	<u>\$ (112,457,905)</u>

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

East Ramapo Central School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2014

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 123,791,727	\$ -	\$ -
Other tax items	17,188,595	-	-
Charges for services	1,693,987	-	-
Use of money and property	332,819	-	-
Sale of property and compensation for loss	80,568	-	-
State aid	54,588,200	7,164,647	4,594
Federal aid	985,010	18,813,527	-
Food sales	-	-	-
Miscellaneous	1,639,095	24,943	-
Total Revenues	200,300,001	26,003,117	4,594
EXPENDITURES			
Current			
General support	17,704,593	-	-
Instruction	106,962,705	26,484,900	-
Pupil transportation	25,735,253	-	-
Community services	67,205	-	-
Employee benefits	45,499,188	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	2,915,902	-	-
Interest	764,966	-	-
Capital outlay	-	-	83,600
Total Expenditures	199,649,812	26,484,900	83,600
Excess (Deficiency) of Revenues Over Expenditures	650,189	(481,783)	(79,006)
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	481,783	485,037
Transfers out	(966,820)	-	-
Total Other Financing Sources (Uses)	(866,820)	481,783	485,037
Net Change in Fund Balances	(216,631)	-	406,031
FUND BALANCES (DEFICITS)			
Beginning of Year	(6,445,489)	-	(669,617)
End of Year	<u>\$ (6,662,120)</u>	<u>\$ -</u>	<u>\$ (263,586)</u>

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 123,791,727
-	17,188,595
-	1,693,987
1,041	333,860
-	80,568
113,796	61,871,237
3,597,989	23,396,526
531,590	531,590
16,288	1,680,326
<u>4,260,704</u>	<u>230,568,416</u>
-	17,704,593
-	133,447,605
-	25,735,253
-	67,205
-	45,499,188
3,869,787	3,869,787
27,100	27,100
-	2,915,902
-	764,966
-	83,600
<u>3,896,887</u>	<u>230,115,199</u>
<u>363,817</u>	<u>453,217</u>
-	1,066,820
<u>(100,000)</u>	<u>(1,066,820)</u>
<u>(100,000)</u>	<u>-</u>
263,817	453,217
<u>322,280</u>	<u>(6,792,826)</u>
<u>\$ 586,097</u>	<u>\$ (6,339,609)</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, 2014

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 453,217</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	106,900
Depreciation expense	<u>(3,938,354)</u>
	<u>(3,831,454)</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	1,895,000
Principal paid on energy performance contracts	1,020,902
Amortization of issuance costs, loss on refunding and premium	<u>23,085</u>
	<u>2,938,987</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	31,807
Retirement incentives and other pension obligations	(1,188,049)
Compensated absences	(23,347)
Claims payable	(39,287)
Other post employment benefit obligations	<u>(17,519,690)</u>
	<u>(18,738,566)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (19,177,816)</u></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, 2014

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 124,161,798	\$ 124,161,798	\$ 123,791,727	\$ (370,071)
Other tax items	17,165,774	17,165,774	17,188,595	22,821
Charges for services	1,695,128	1,695,128	1,693,987	(1,141)
Use of money and property	591,790	591,790	332,819	(258,971)
Sale of property and compensation for loss	66,856	66,856	80,568	13,712
State aid	58,569,283	55,069,283	54,588,200	(481,083)
Federal aid	-	-	985,010	985,010
Miscellaneous	2,166,836	2,167,336	1,639,095	(528,241)
Total Revenues	204,417,465	200,917,965	200,300,001	(617,964)
EXPENDITURES				
Current				
General support	17,173,297	18,017,512	17,704,593	312,919
Instruction	107,635,798	107,611,186	106,962,705	648,481
Pupil transportation	25,631,577	25,993,704	25,735,253	258,451
Community services	115,672	67,205	67,205	-
Employee benefits	47,875,547	45,557,852	45,499,188	58,664
Debt service				
Principal	10,328,394	10,328,393	2,915,902	7,412,491
Interest	794,918	764,966	764,966	-
Total Expenditures	209,555,203	208,340,818	199,649,812	8,691,006
Deficiency of Revenues Over Expenditures	(5,137,738)	(7,422,853)	650,189	8,073,042
OTHER FINANCING SOURCES (USES)				
Sale of real property	5,000,000	5,000,000	-	(5,000,000)
Transfers in	100,000	100,000	100,000	-
Transfers out	(895,037)	(966,820)	(966,820)	-
Total Other Financing Sources (Uses)	4,204,963	4,133,180	(866,820)	(5,000,000)
Net Change in Fund Balances	(932,775)	(3,289,673)	(216,631)	3,073,042
FUND BALANCES (DEFICITS)				
Beginning of Year	932,775	3,289,673	(6,445,489)	(9,735,162)
End of Year	\$ -	\$ -	\$ (6,662,120)	\$ (6,662,120)

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
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)
<u>26,803,843</u>	<u>30,109,764</u>	<u>26,003,117</u>	<u>(4,106,647)</u>
-	-	-	-
27,213,843	30,591,547	26,484,900	4,106,647
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>27,213,843</u>	<u>30,591,547</u>	<u>26,484,900</u>	<u>4,106,647</u>
<u>(410,000)</u>	<u>(481,783)</u>	<u>(481,783)</u>	<u>-</u>
-	-	-	-
410,000	481,783	481,783	-
-	-	-	-
<u>410,000</u>	<u>481,783</u>	<u>481,783</u>	<u>-</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

East Ramapo Central School District, New York

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2014

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 1,010,023
Investments	<u>69,252</u>
Total Assets	<u><u>\$ 1,079,275</u></u>
LIABILITIES	
Accounts payable	\$ 383,559
Employee payroll deductions	427,507
Escrow deposits	133,122
Student activity funds	<u>135,087</u>
Total Liabilities	<u><u>\$ 1,079,275</u></u>

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

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 expenditure for specified purposes other than debt service or capital projects. The

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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 soon as they are both measurable and available. Revenues are considered to be available when

Note 1 - Summary of Significant Accounting Policies (Continued)

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 used for revenue recognition for all 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, 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, 2014.

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 18th Street, Suite 1230, Denver, CO 80202.

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

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

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are payable on September 1st. The various towns which are included in the levy are responsible for the billing and collection of the taxes through November 1st of the tax year at which time collection responsibility is transferred to the County of Rockland, New York ("County"). The County guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

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

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2014, 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 \$67,709 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 \$117,627 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.

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 expensed 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 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 debt service, insurance and special purposes. The balance is classified as unrestricted.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification 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 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 governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

In order to calculate 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 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 23, 2014.

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.
- 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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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:

Reduction in operating expenditures from	
School District's rejection of lottery spin up aid	\$ (3,500,000)
Operating expenditures funded by fund balance	1,600,000
Tax certiorari obligations funded by fund balance	756,898
Operating expenditures funded by miscellaneous revenues	<u>500</u>
	<u>\$ 1,142,602</u>

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, beginning with the 2012-2013 fiscal year. It expires on June 16, 2016.

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

Note 2 - Stewardship, Compliance and Accountability (Continued)

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. Fund Deficits

The unassigned deficit of \$7,027,250 in the General Fund arises because of operating expenditures exceeding available revenues during the past several fiscal years. The unassigned deficit of \$263,586 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. The unassigned deficit of \$94,976 in the School Lunch Fund arises because of allocated costs exceeding available revenues. This deficit will be eliminated in the subsequent year through monitoring of expenditures.

F. Application of Accounting Standards

For the year ended June 30, 2014, the School District implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows/inflows of resources, certain items that were previously reported as assets and liabilities. This statement also recognizes as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities.

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The composition of interfund balances at June 30, 2014 is as follows:

Fund	Due From	Due To
General	\$ 5,815,258	\$ -
Special Aid	-	5,308,755
Capital Projects	-	4,598
Non-Major Governmental	1	501,906
	<u>\$ 5,815,259</u>	<u>\$ 5,815,259</u>

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

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2014

Note 3 - Detailed Notes on All Funds (Continued)

B. Capital Assets

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

Class	Balance July 1, 2013	Additions	Balance June 30, 2014
Capital Assets, not being depreciated - Land	\$ 7,764,601	\$ -	\$ 7,764,601
Capital Assets, being depreciated:			
Buildings and Improvements	\$ 92,336,733	\$ 84,000	\$ 92,420,733
Machinery and Equipment	8,733,416	22,900	8,756,316
Total Capital Assets, being depreciated	101,070,149	106,900	101,177,049
Less Accumulated Depreciation for:			
Buildings and Improvements	56,492,208	3,547,244	60,039,452
Machinery and Equipment	7,142,621	391,110	7,533,731
Total Accumulated Depreciation	63,634,829	3,938,354	67,573,183
Total Capital Assets, being depreciated, net	\$ 37,435,320	\$ (3,831,454)	\$ 33,603,866
Capital Assets, net	\$ 45,199,921	\$ (3,831,454)	\$ 41,368,467

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

General Support	\$ 170,982
Instruction	3,469,493
Pupil Transportation	223,158
Cost of Food Sales	74,721
Total Depreciation Expense	\$ 3,938,354

C. Accrued Liabilities

Accrued liabilities at June 30, 2014 were as follows:

	Fund			Total
	General	Special Aid	Non-Major Governmental	
Payroll and employee benefits	\$ 769,588	\$ 98,746	\$ 646	\$ 868,980
Other	197,125	-	-	197,125
	\$ 966,713	\$ 98,746	\$ 646	\$ 1,066,105

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2014

Note 3 - Detailed Notes on All Funds (Continued)

D. Short-Term Non-Capital Borrowings

The schedule below details the changes in short-term non-capital borrowings. These borrowings consisted of notes issued in anticipation of the collection of real property taxes and to meet expenditures for which an insufficient or no provision was made in the 2012-13 adopted budget. The revenue anticipation notes consist of notes issued in anticipation of state aid.

Purpose	Date of Original Issue	Maturity Date	Interest Rate	Balance July 1, 2013	New Issues	Redemptions	Balance June 30, 2014
Tax Anticipation Notes	6/27/13	10/27/13	- %	\$ 8,500,000	\$ -	\$ 8,500,000	\$ -
Tax Anticipation Notes	6/27/13	10/27/13	-	5,000,000	-	5,000,000	-
Tax Anticipation Notes	6/27/13	10/27/13	-	3,500,000	-	3,500,000	-
				<u>\$ 17,000,000</u>	<u>\$ -</u>	<u>\$ 17,000,000</u>	<u>\$ -</u>
Revenue Anticipation Notes	6/24/14	10/24/14	1.25	<u>\$ -</u>	<u>2,000,000</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>
Budget Note	3/27/2013	11/15/2013	-	<u>\$ 7,412,491</u>	<u>-</u>	<u>\$ 7,412,491</u>	<u>\$ -</u>

Interest expenditures/expense of \$85,616 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 \$58,682 for the budget note was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

E. Pension Plans

The School District participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS") ("Systems"). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by Education Law and the New York State Retirement and Social Security Law. The Systems issue publicly available financial reports that include financial statements and required supplementary information for the Systems. These reports may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224 and the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary, employees in tier 5 who also contribute 3% of their salary for ERS and 3.5% for TRS without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions to ERS are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions to ERS consist of a life insurance portion and regular pension contributions. Pursuant to Article 11 of Education Law, actuarial contributions are established annually for TRS by the New York State Teachers' Retirement Board. Contribution rates for the plans' year's ending in 2014 are as follows:

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2014

Note 3 - Detailed Notes on All Funds (Continued)

ERS		TRS	
Tier/Plan	Rate	Tiers	Rate
1 75I	28.8%	1-6	16.25%
2 75I	26.3		
3 A14	21.1		
4 A15	21.1		
5 A15	17.0		
6 A15	11.5		

Contributions made or accrued to the Systems for the current and two preceding years were as follows:

	ERS	TRS
2014	\$ 2,154,769	\$ 12,606,832
2013	3,802,482	9,667,968
2012	3,087,299	9,531,329

The ERS and TRS contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

The current year ERS contribution was charged to the General and Special Aid funds in the amounts of \$2,009,952 and \$144,817, respectively. The current year TRS contribution was charged to the General Fund and Special Aid Fund in the amounts of \$11,897,609 and \$709,223, respectively.

F. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2014:

	Balance July 1, 2013	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2014	Due Within One-Year
Bonds Payable - Capital construction	\$ 12,789,873	\$ -	\$ 1,895,000	\$ 10,894,873	\$ 2,049,873
Plus - Unamortized premium on bonds	486,058	-	121,515	364,543	-
	13,275,931	-	2,016,515	11,259,416	2,049,873
Energy Performance Contract Payable	4,758,133	-	1,020,902	3,737,231	1,082,643
Other Non-current Liabilities:					
Compensated Absences	739,103	97,347	74,000	762,450	76,000
Claims Payable	-	39,287	-	39,287	39,287
Retirement Incentives and Other Pension Obligations	-	1,188,049	-	1,188,049	80,532
Other Post Employment Benefit Obligations Payable	113,065,126	27,459,489	9,939,799	130,584,816	-
Total Other Non-current Liabilities	113,804,229	28,784,172	10,013,799	132,574,602	195,819
Total Long-Term Liabilities	\$ 131,838,293	\$ 28,784,172	\$ 13,051,216	\$ 147,571,249	\$ 3,328,335

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2014

Note 3 - Detailed Notes on All Funds (Continued)

The School District's indebtedness for bonds, energy performance contract debt, compensated absences, claims payable, 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, 2014 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2014
Refunding Bonds	2011	\$ 8,280,000	May, 2017	4.00-5.000 %	4,435,000
Various District Improvements	2012	7,180,000	June, 2025	2.75 - 3.000	6,095,000
Real Property Tax Refunds	2013	364,873	June, 2018	1.50 - 2.000	364,873
					<u>\$ 10,894,873</u>

Interest expenditures of \$454,563 were recorded in the fund financial statements in the General Fund. Interest expense of \$340,451 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, 2014 was \$3,737,231. Interest expenditures/expense of \$166,105 was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonds and energy performance contract debt outstanding at June 30, 2014, including interest payments of \$1,671,872 are as follows:

Year Ended June 30,	Bonds		Energy Performance Contract		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 2,049,873	\$ 385,836	\$ 1,082,643	\$ 125,592	\$ 3,132,516	\$ 511,428
2016	2,165,000	313,025	1,125,607	83,470	3,290,607	396,495
2017	2,225,000	220,863	1,170,276	39,675	3,395,276	260,538
2018	705,000	126,325	358,705	2,873	1,063,705	129,198
2019	630,000	107,650	-	-	630,000	107,650
2020-2024	3,020,000	263,563	-	-	3,020,000	263,563
2025	100,000	3,000	-	-	100,000	3,000
	<u>\$ 10,894,873</u>	<u>\$ 1,420,262</u>	<u>\$ 3,737,231</u>	<u>\$ 251,610</u>	<u>\$ 14,632,104</u>	<u>\$ 1,671,872</u>

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

Note 3 - Detailed Notes on All Funds (Continued)

Compensated Absences

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

Claims Payable

Claims payable reflects a liability of \$39,287 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.

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 contribution for the 2013-14 fiscal year of \$1,188,049 and this amount has been recorded as an expense in the district-wide financial statements.

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.

Note 3 - Detailed Notes on All Funds (Continued)

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 24 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, 2014 was as follows:

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

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2014

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2013	\$ 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	\$ 29,223,968
Interest on Net OPEB Obligation	4,522,605
Adjustment to Annual Required Contribution	<u>(6,287,084)</u>
Annual OPEB Cost	27,459,489
Contributions Made	<u>(9,939,799)</u>
Increase in Net OPEB Obligation	17,519,690
Net OPEB Obligation - Beginning of Year	<u>113,065,126</u>
Net OPEB Obligation - End of Year	<u>\$ 130,584,816</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
2014	\$ 27,459,489	36.20 %	\$ 130,584,816
2013	24,228,927	36.37	113,065,126
2012	26,570,188	31.20	97,647,072

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.

G. 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, 2014

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	\$ -	\$ 481,783	\$ 485,037	\$ 966,820
Non-Major Governmental Funds	100,000			100,000
	<u>\$ 100,000</u>	<u>\$ 481,783</u>	<u>\$ 485,037</u>	<u>\$ 1,066,820</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.

H. 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 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 report 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 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, 2014

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2014				2013			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental	Total
Nonspendable:								
Advances	\$ 263,586	\$ -	\$ -	263,586	\$ 669,617	\$ -	\$ -	\$ 669,617
Inventories	-	-	32,291	32,291	-	-	57,992	57,992
Total Nonspendable	263,586	-	32,291	295,877	669,617	-	57,992	727,609
Restricted:								
Tax certiorari	-	-	-	-	755,741	-	-	755,741
Insurance	101,544	-	-	101,544	101,367	-	-	101,367
Debt service	-	-	256,012	256,012	-	-	355,233	355,233
Special purposes	-	-	292,770	292,770	-	-	303,485	303,485
Total Restricted	101,544	-	548,782	650,326	857,108	-	658,718	1,515,826
Assigned:								
Subsequent year's expenditures - Debt Service Fund	-	-	100,000	100,000	-	-	100,000	100,000
Unassigned:								
Purchases on order:								
General support	289,501	-	-	289,501	249,647	-	-	249,647
Instruction	549,870	-	-	549,870	680,841	-	-	680,841
Transportation	160,116	-	-	160,116	2,287	-	-	2,287
Other	999,487	-	-	999,487	932,775	-	-	932,775
	(8,026,737)	(263,586)	(94,976)	(8,385,299)	(8,904,989)	(669,617)	(494,430)	(10,069,036)
Total Unassigned	(7,027,250)	(263,586)	(94,976)	(7,385,812)	(7,972,214)	(669,617)	(494,430)	(9,136,261)
Total Fund Balances (Deficits)	\$ (6,662,120)	\$ (263,586)	\$ 586,097	\$ (6,339,609)	\$ (6,445,489)	\$ (669,617)	\$ 322,280	\$ (6,792,826)

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.

Subsequent year's expenditures represent that at June 30, 2014, the School Board has assigned the above amounts to be appropriated for the ensuing year's budget.

Purchases on order are unassigned 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.

Unassigned fund balance represents amounts not classified as non-spendable, restricted or assigned. The unassigned fund balance in the non-major governmental funds represents the deficit in the School Lunch Fund.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The East Ramapo Building Administrators' Association has filed a grievance against the School District requesting that all of its members receive an additional amount of compensation so as to achieve parity with the top salary for their position beginning with the fifth year of tenure. This matter is based upon the appointment of the former Superintendent of Schools as Principal of a Middle School, while receiving compensation at a level pursuant to a contract to serve as Superintendent. A grievance hearing occurred and the grievance was denied. The matter is being held in abeyance during pendency of contract negotiations.

There are several pending cases relating to parents of special education students who have filed claims for reimbursement for their costs of private school placements for these children. The School District's legal counsel has not valued the annual costs of these various claims.

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.

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 plaintiff is seeking compensation for their children's loss of educational activities and for punitive damages in the sum of \$10 million and awarding plaintiffs' attorneys' fees and costs. 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 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.

The School District currently has one labor contract that is expired as of June 30, 2014. The contract with the East Ramapo Building Administrator's Association expired as of June 30, 2013.

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. There are presently 340 New York State school districts who subscribe to the Company. 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 1, 2014 issued a tax anticipation note in the amount of \$17,000,000, due October 27, 2014, and bearing interest at 1.0%.

The School District, on July 24, 2014 sold the Colton Elementary School. The gross sales price was \$6,600,000.

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, 2011	\$ -	\$ 311,878,037	\$ 311,878,037	- %	\$ 109,122,040	285.81 %
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

East Ramapo Central School District, New York

General Fund
Comparative Balance Sheet
June 30,

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and equivalents	\$ 8,238,536	\$ 26,382,070
Investments	40,574	40,561
Receivables		
Accounts	229,925	992,794
State and Federal aid	4,002,327	3,884,420
Due from other governments	770,126	642,781
Due from other funds	5,815,258	6,669,639
Advances to other funds	263,586	669,617
	<u>11,081,222</u>	<u>12,859,251</u>
Total Assets	<u>\$ 19,360,332</u>	<u>\$ 39,281,882</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 8,453,908	\$ 8,495,288
Accrued liabilities	966,713	1,282,467
Due to other governments	68,150	253,834
Due to retirement systems	14,038,094	11,283,291
Deposits payable	427,878	-
Unearned revenues	67,709	-
Budget note payable	-	7,412,491
Tax anticipation notes payable	-	17,000,000
Revenue anticipation notes payable	2,000,000	-
Total Liabilities	<u>26,022,452</u>	<u>45,727,371</u>
Fund balance (deficit)		
Nonspendable	263,586	669,617
Restricted	101,544	857,108
Unassigned	<u>(7,027,250)</u>	<u>(7,972,214)</u>
Total Fund Deficit	<u>(6,662,120)</u>	<u>(6,445,489)</u>
Total Liabilities and Fund Deficit	<u>\$ 19,360,332</u>	<u>\$ 39,281,882</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,

	2014				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
REVENUES					
Real property taxes	\$ 124,161,798	\$ 124,161,798	\$ 123,791,727	\$	\$ (370,071)
Other tax items	17,165,774	17,165,774	17,188,595		22,821
Charges for services	1,695,128	1,695,128	1,693,987		(1,141)
Use of money and property	591,790	591,790	332,819		(258,971)
Sale of property and compensation for loss	66,856	66,856	80,568		13,712
State aid	58,569,283	55,069,283	54,588,200		(481,083)
Federal aid	-	-	985,010		985,010
Miscellaneous	2,166,836	2,167,336	1,639,095		(528,241)
Total Revenues	204,417,465	200,917,965	200,300,001		(617,964)
EXPENDITURES					
Current					
General support					
Board of education	200,635	194,311	194,311	-	-
Central administration	388,356	384,417	364,404	3	20,010
Finance	1,390,565	1,129,744	1,087,443	40,851	1,450
Staff	3,245,456	3,883,513	3,849,627	31,928	1,958
Central services	10,000,682	10,058,293	9,841,574	216,719	-
Special items	1,947,603	2,367,234	2,367,234	-	-
Total General Support	17,173,297	18,017,512	17,704,593	289,501	23,418
Instruction					
Instruction, administration and improvement	6,110,453	6,024,886	5,979,741	17,312	27,833
Teaching - Regular school	45,680,101	46,004,993	45,716,809	242,401	45,783
Programs for children with handicapping conditions	38,676,604	38,527,868	38,304,561	220,515	2,792
Teaching - Special schools	3,024,232	3,040,287	3,037,737	-	2,550
Instructional media	2,837,404	2,748,325	2,698,826	32,329	17,170
Pupil services	11,307,004	11,264,827	11,225,031	37,313	2,483
Total Instruction	107,635,798	107,611,186	106,962,705	549,870	98,611
Pupil transportation	25,631,577	25,993,704	25,735,253	160,116	98,335
Community services	115,672	67,205	67,205	-	-
Employee benefits	47,875,547	45,557,852	45,499,188	-	58,664
Debt service					
Principal	10,328,394	10,328,393	2,915,902	-	7,412,491
Interest	794,918	764,966	764,966	-	-
Total Expenditures	209,555,203	208,340,818	199,649,812	999,487	7,691,519
Excess (Deficiency) of Revenues Over Expenditures	(5,137,738)	(7,422,853)	650,189	(999,487)	7,073,555
OTHER FINANCING SOURCES (USES)					
Bonds issued	-	-	-	-	-
Budget note issued	-	-	-	-	-
Sale of real property	5,000,000	5,000,000	-	-	(5,000,000)
Transfers in	100,000	100,000	100,000	-	-
Transfers out	(895,037)	(966,820)	(966,820)	-	-
Total Other Financing Sources (Uses)	4,204,963	4,133,180	(866,820)	-	(5,000,000)
Net Change in Fund Balance	(932,775)	(3,289,673)	(216,631)	\$ (999,487)	\$ 2,073,555
FUND BALANCE (DEFICIT)					
Beginning of Year	932,775	3,289,673	(6,445,489)		
End of Year	\$ -	\$ -	\$ (6,662,120)		

2013				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 120,314,242	\$ 120,314,242	\$ 119,806,648	\$	\$ (507,594)
17,207,215	17,207,215	17,194,006		(13,209)
1,472,000	1,472,000	1,335,247		(136,753)
1,200,000	1,200,000	1,512,972		312,972
-	54,345	412,892		358,547
48,381,536	48,681,536	49,602,465		920,929
2,760,000	2,760,000	1,205,106		(1,554,894)
493,398	1,209,682	2,363,475		1,153,793
<u>191,828,391</u>	<u>192,899,020</u>	<u>193,432,811</u>		<u>533,791</u>
203,899	253,482	240,410	5,000	8,072
495,587	565,095	564,319	-	776
1,280,558	1,434,544	1,285,369	138,524	10,651
1,390,376	3,743,568	3,722,693	16,782	4,093
11,623,322	10,246,864	10,148,924	66,841	31,099
1,852,333	2,524,689	2,498,300	22,500	3,889
<u>16,846,075</u>	<u>18,768,242</u>	<u>18,460,015</u>	<u>249,647</u>	<u>58,580</u>
6,290,195	6,217,560	6,190,185	4,276	23,099
47,938,010	48,733,561	48,464,624	202,271	66,666
33,693,760	36,912,128	36,603,807	304,205	4,116
3,018,652	3,127,950	3,127,949	-	1
1,927,925	2,585,083	2,563,555	7,128	14,400
11,417,358	11,542,137	11,306,745	162,961	72,431
<u>104,285,900</u>	<u>109,118,419</u>	<u>108,256,865</u>	<u>680,841</u>	<u>180,713</u>
24,501,482	25,835,088	25,827,023	2,287	5,778
130,541	130,571	126,043	-	4,528
42,887,872	44,301,103	44,299,721	-	1,382
2,941,938	2,941,938	2,941,937	-	1
859,995	780,808	774,470	-	6,338
<u>192,453,803</u>	<u>201,876,169</u>	<u>200,686,074</u>	<u>932,775</u>	<u>257,320</u>
<u>(625,412)</u>	<u>(8,977,149)</u>	<u>(7,253,263)</u>	<u>(932,775)</u>	<u>791,111</u>
-	364,873	364,873	-	-
-	7,412,491	-	-	(7,412,491)
-	-	-	-	-
100,000	100,000	100,000	-	-
(400,000)	(466,401)	(441,979)	-	24,422
<u>(300,000)</u>	<u>7,410,963</u>	<u>22,894</u>	<u>-</u>	<u>(7,388,069)</u>
<u>(925,412)</u>	<u>(1,566,186)</u>	<u>(7,230,369)</u>	<u>\$ (932,775)</u>	<u>\$ (6,596,958)</u>
<u>925,412</u>	<u>1,566,186</u>	<u>784,880</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,445,489)</u>		

East Ramapo Central School District, New York

**General Fund
Schedule of Revenues and Other Financing Sources Compared to Budget
Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 124,161,798	\$ 124,161,798	\$ 123,791,727	\$ (370,071)
OTHER TAX ITEMS				
School tax relief reimbursement	16,850,288	16,850,288	16,850,288	-
Payments in lieu of taxes	315,486	315,486	338,307	22,821
	17,165,774	17,165,774	17,188,595	22,821
CHARGES FOR SERVICES				
Day school tuition - Other districts	1,470,128	1,470,128	1,432,958	(37,170)
Health services - Other districts	225,000	225,000	260,236	35,236
Other charges for services	-	-	793	793
	1,695,128	1,695,128	1,693,987	(1,141)
USE OF MONEY AND PROPERTY				
Earnings on investments	125,000	125,000	61,637	(63,363)
Rental of real property - Individuals	466,790	466,790	239,874	(226,916)
Rental of real property - BOCES and other governments	-	-	31,308	31,308
	591,790	591,790	332,819	(258,971)
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Minor sales	-	-	1,593	1,593
Insurance recoveries	66,856	66,856	69,632	2,776
Other compensation for loss	-	-	9,343	9,343
	66,856	66,856	80,568	13,712

STATE AID					
Basic formula	51,168,591	47,668,591	48,191,115	522,524	
BOCES	1,943,073	1,943,073	1,805,098	(137,975)	
Tuition aid for students with disabilities	3,100,000	3,100,000	1,991,974	(1,108,026)	
Textbooks	1,657,795	1,657,795	1,657,795	-	
Computer software	525,368	525,368	543,144	17,776	
Library materials	174,456	174,456	153,114	(21,342)	
Tax limitation aid	-	-	384,687	384,687	
Emergency management assistance	-	-	(138,727)	(138,727)	
	<u>58,569,283</u>	<u>55,069,283</u>	<u>54,588,200</u>	<u>(481,083)</u>	
FEDERAL AID					
Medical assistance	-	-	985,010	985,010	
MISCELLANEOUS					
Other	365,000	365,500	530,036	164,536	
Refund for BOCES' aided services	1,700,000	1,700,000	982,841	(717,159)	
Refund of prior year's expenditures	101,836	101,836	126,218	24,382	
	<u>2,166,836</u>	<u>2,167,336</u>	<u>1,639,095</u>	<u>(528,241)</u>	
TOTAL REVENUES	<u>204,417,465</u>	<u>200,917,965</u>	<u>200,300,001</u>	<u>(617,964)</u>	
OTHER FINANCING SOURCES					
Sale of real property	5,000,000	5,000,000	-	(5,000,000)	
Transfers in					
Debt Service Fund	100,000	100,000	100,000	-	
	<u>5,100,000</u>	<u>5,100,000</u>	<u>100,000</u>	<u>(5,000,000)</u>	
TOTAL OTHER FINANCING SOURCES	<u>5,100,000</u>	<u>5,100,000</u>	<u>100,000</u>	<u>(5,000,000)</u>	
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 209,517,465</u>	<u>\$ 206,017,965</u>	<u>\$ 200,400,001</u>	<u>\$ (5,617,964)</u>	

East Ramapo Central School District, New York

General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 3,000	\$ 5,560	\$ 5,560	-	\$ -
District clerk	129,635	135,388	135,388	-	-
District meeting	68,000	53,363	53,363	-	-
Total Board of Education	200,635	194,311	194,311	-	-
CENTRAL ADMINISTRATION					
Chief school administrator	388,356	384,417	364,404	3	20,010
FINANCE					
Business administration	428,261	408,185	380,096	26,639	1,450
Accounting	604,500	473,634	473,634	-	-
Auditing	77,150	92,782	82,342	10,440	-
Treasurer	45,766	40,925	40,925	-	-
Purchasing	234,888	114,218	110,446	3,772	-
Total Finance	1,390,565	1,129,744	1,087,443	40,851	1,450
STAFF					
Legal	2,676,782	3,353,223	3,324,957	26,308	1,958
Personnel	550,274	523,576	517,956	5,620	-
Public information and services	18,400	6,714	6,714	-	-
Total Staff	3,245,456	3,883,513	3,849,627	31,928	1,958

CENTRAL SERVICES

Operation of plant	6,325,985	6,504,056	6,306,922	197,134	-
Maintenance of plant	2,258,638	2,092,558	2,077,857	14,701	-
Central storeroom	30,629	42,190	42,190	-	-
Central printing and mailing	572,977	515,908	515,908	-	-
Central office supplies	6,320	243	243	-	-
Central data processing	806,133	903,338	898,454	4,884	-
Total Central Services	10,000,682	10,058,293	9,841,574	216,719	-

SPECIAL ITEMS

Unallocated insurance	395,000	404,408	404,408	-	-
School association dues	24,000	21,616	21,616	-	-
Judgments and claims	222,500	54,196	54,196	-	-
Assessments on school property	200,000	251,104	251,104	-	-
Refunds of real property taxes	50,000	515,710	515,710	-	-
Administrative charge - BOCES	1,056,103	1,120,200	1,120,200	-	-
Total Special Items	1,947,603	2,367,234	2,367,234	-	-
Total General Support	17,173,297	18,017,512	17,704,593	289,501	23,418

INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development	220,275	262,130	262,130	-	-
Supervision - Regular school	5,226,671	5,148,709	5,131,415	17,294	-
Supervision - District-wide	620,522	506,265	478,432	-	27,833
Research, planning and evaluation	8,585	4,031	4,031	-	-
In-service training and instruction	34,400	103,751	103,733	18	-

Total Instruction, Administration and Improvement

	6,110,453	6,024,886	5,979,741	17,312	27,833
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TEACHING - REGULAR SCHOOL

	45,680,101	46,004,993	45,716,809	242,401	45,783
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PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS

Programs for students with disabilities

	38,676,604	38,527,868	38,304,561	220,515	2,792
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TEACHING - SPECIAL SCHOOLS

	3,024,232	3,040,287	3,037,737	-	2,550
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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, 2014

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
INSTRUCTIONAL MEDIA					
School library and audiovisual	\$ 714,957	\$ 626,763	\$ 595,107	\$ 17,901	\$ 13,755
Computer assisted instruction	2,122,447	2,121,562	2,103,719	14,428	3,415
Total Instructional Media	2,837,404	2,748,325	2,698,826	32,329	17,170
PUPIL SERVICES					
Attendance - Regular school	60,410	48,149	48,149	-	-
Guidance - Regular school	2,056,304	2,079,068	2,078,755	313	-
Health services - Regular school	2,633,991	2,625,225	2,603,658	21,567	-
Psychological services - Regular school	2,618,415	2,610,784	2,610,529	255	-
Speech therapy - Regular school	2,997,820	3,020,090	3,008,216	11,874	-
Co-curricular activities - Regular school	343,264	277,821	272,034	3,304	2,483
Interscholastic athletics - Regular school	596,800	603,690	603,690	-	-
Total Pupil Services	11,307,004	11,264,827	11,225,031	37,313	2,483
Total Instruction	107,635,798	107,611,186	106,962,705	549,870	98,611
PUPIL TRANSPORTATION					
District transportation services	4,645,340	4,300,590	4,165,585	43,569	91,436
Transportation - BOCES	355,000	271,599	271,599	-	-
Contract transportation	20,631,237	21,421,515	21,298,069	116,547	6,899
Total Pupil Transportation	25,631,577	25,993,704	25,735,253	160,116	98,335

COMMUNITY SERVICES					
Census	115,672	67,205	67,205	-	-
EMPLOYEE BENEFITS					
State retirement	2,592,978	2,044,411	2,009,952	-	34,459
Teachers' retirement	11,958,400	11,897,609	11,897,609	-	-
Social security	7,041,254	6,608,455	6,584,879	-	23,576
Hospital, medical and dental insurance	24,526,915	23,561,612	23,560,983	-	629
Unemployment benefits	400,000	89,117	89,117	-	-
Workers' compensation benefits	1,356,000	1,356,648	1,356,648	-	-
Total Employee Benefits	47,875,547	45,557,852	45,499,188	-	58,664
DEBT SERVICE					
Principal					
Serial bonds	1,895,000	1,895,000	1,895,000	-	-
Budget note	7,412,491	7,412,491	-	-	7,412,491
Energy performance contracts	1,020,903	1,020,902	1,020,902	-	-
Total	10,328,394	10,328,393	2,915,902	-	7,412,491
Interest					
Serial bonds	448,813	454,563	454,563	-	-
Energy performance contracts	166,105	166,105	166,105	-	-
Budget note	90,000	58,682	58,682	-	-
Tax anticipation notes	90,000	85,616	85,616	-	-
Total Debt Service	794,918	764,966	764,966	-	-
TOTAL EXPENDITURES	11,123,312	11,093,359	3,680,868	-	7,412,491
Total Debt Service	209,555,203	208,340,818	199,649,812	999,487	7,691,519
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	485,037	485,037	485,037	-	-
Special Aid Fund	410,000	481,783	481,783	-	-
TOTAL OTHER FINANCING USES	895,037	966,820	966,820	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 210,450,240	\$ 209,307,638	\$ 200,616,632	\$ 999,487	\$ 7,691,519

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East Ramapo Central School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and equivalents	<u>\$ 1,292,941</u>	<u>\$ 1,619,558</u>
Investments	<u>144</u>	<u>144</u>
Receivables		
Accounts	3,645	4,248
State and Federal aid	<u>4,793,591</u>	<u>5,243,017</u>
	<u>4,797,236</u>	<u>5,247,265</u>
 Total Assets	 <u><u>\$ 6,090,321</u></u>	 <u><u>\$ 6,866,967</u></u>
 LIABILITIES		
Accounts payable	\$ 682,820	\$ 746,518
Accrued liabilities	98,746	46,611
Unearned revenues	-	7,311
Due to other funds	<u>5,308,755</u>	<u>6,066,527</u>
 Total Liabilities	 <u><u>\$ 6,090,321</u></u>	 <u><u>\$ 6,866,967</u></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,

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
State aid	\$ 6,968,768	\$ 7,851,700	\$ 7,164,647	\$ (687,053)
Federal aid	19,809,467	22,231,790	18,813,527	(3,418,263)
Miscellaneous	25,608	26,274	24,943	(1,331)
Total Revenues	26,803,843	30,109,764	26,003,117	(4,106,647)
EXPENDITURES				
Current				
Instruction	27,213,843	30,591,547	26,484,900	4,106,647
Deficiency of Revenues Over Expenditures	(410,000)	(481,783)	(481,783)	-
OTHER FINANCING SOURCES				
Transfers in	410,000	481,783	481,783	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

2013			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 7,155,929	\$ 7,137,613	\$ 6,740,440	\$ (397,173)
25,405,033	26,836,379	21,945,114	(4,891,265)
12,125	12,125	12,125	-
32,573,087	33,986,117	28,697,679	(5,288,438)
32,973,087	34,360,117	29,070,663	5,289,454
(400,000)	(374,000)	(372,984)	1,016
400,000	374,000	372,984	(1,016)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

East Ramapo Central School District, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and equivalents	\$ 4,593	\$ 28,001
Investments	5	5
State and Federal Aid Receivable	<u>-</u>	<u>11,248</u>
Total Assets	<u>\$ 4,598</u>	<u>\$ 39,254</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Due to other funds	\$ 4,598	23,411
Advances from other funds	263,586	669,617
Due to other governments	<u>-</u>	<u>15,843</u>
	268,184	708,871
Fund deficit		
Unassigned	<u>(263,586)</u>	<u>(669,617)</u>
Total Liabilities and Fund Deficit	<u>\$ 4,598</u>	<u>\$ 39,254</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>2014</u>	<u>2013</u>
REVENUES		
State aid	\$ 4,594	\$ -
EXPENDITURES		
Capital outlay	<u>83,600</u>	<u>68,995</u>
Deficiency of Revenues Over Expenditures	<u>(79,006)</u>	<u>(68,995)</u>
OTHER FINANCING SOURCES		
Transfers in	<u>485,037</u>	<u>68,995</u>
Net Change in Fund Balance	406,031	-
FUND DEFICIT		
Beginning of Year	<u>(669,617)</u>	<u>(669,617)</u>
End of Year	<u><u>\$ (263,586)</u></u>	<u><u>\$ (669,617)</u></u>

East Ramapo Central School District, New York

Capital Projects Fund

Project-Length Schedule

Inception Of Project Through June 30, 2014

PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
Warehouse	\$ 63,000	\$ 83,445	\$ -	\$ 83,445
Various District Improvements	14,325,000	14,323,656	-	14,323,656
Pomona Middle School - Tile Project	113,200	-	83,600	83,600
Totals	<u>\$ 14,501,200</u>	<u>\$ 14,407,101</u>	<u>\$ 83,600</u>	<u>\$ 14,490,701</u>

Unexpended Balance	Methods of Financing				Fund Deficit at June 30, 2014
	Proceeds of Obligations	State and Federal Aid	Transfers	Total	
\$ (20,445)	\$ 63,000	\$ -	\$ -	\$ 63,000	\$ (20,445)
1,344	7,180,000	5,823,419	1,077,096	14,080,515	(243,141)
29,600	-	-	83,600	83,600	-
<u>\$ 10,499</u>	<u>\$ 7,243,000</u>	<u>\$ 5,823,419</u>	<u>\$ 1,160,696</u>	<u>\$ 14,227,115</u>	<u>\$ (263,586)</u>

East Ramapo Central School District, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2014
 (With Comparative Totals For 2013)

	School Lunch	Special Purpose	Debt Service
ASSETS			
Cash and equivalents	\$ 681,634	\$ 6,218	\$ 455,270
Investments	468	286,552	741
Receivables			
State and Federal aid	323,998	-	-
Due from other funds	-	-	1
	323,998	-	1
Inventories	32,291	-	-
Total Assets	<u>\$ 1,038,391</u>	<u>\$ 292,770</u>	<u>\$ 456,012</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 698,524	\$ -	\$ -
Accrued liabilities	646	-	-
Due to other funds	401,906	-	100,000
Total Liabilities	<u>1,101,076</u>	<u>-</u>	<u>100,000</u>
Fund balances (deficits)			
Nonspendable	32,291	-	-
Restricted	-	292,770	256,012
Assigned	-	-	100,000
Unassigned	<u>(94,976)</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>(62,685)</u>	<u>292,770</u>	<u>356,012</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1,038,391</u>	<u>\$ 292,770</u>	<u>\$ 456,012</u>

Total Non-Major Governmental Funds	
2014	2013
\$ 1,143,122	\$ 489,383
<u>287,761</u>	<u>298,268</u>
323,998	223,609
1	5
<u>323,999</u>	<u>223,614</u>
<u>32,291</u>	<u>57,992</u>
<u>\$ 1,787,173</u>	<u>\$ 1,069,257</u>
\$ 698,524	\$ 167,173
646	98
<u>501,906</u>	<u>579,706</u>
<u>1,201,076</u>	<u>746,977</u>
32,291	57,992
548,782	658,718
100,000	100,000
<u>(94,976)</u>	<u>(494,430)</u>
<u>586,097</u>	<u>322,280</u>
<u>\$ 1,787,173</u>	<u>\$ 1,069,257</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, 2014
 (With Comparative Totals For 2013)

	School Lunch	Special Purpose	Debt Service
REVENUES			
Use of money and property	\$ 165	\$ 97	\$ 779
State aid	113,796	-	-
Federal aid	3,597,989	-	-
Food sales	531,590	-	-
Miscellaneous	-	16,288	-
	<u>4,243,540</u>	<u>16,385</u>	<u>779</u>
EXPENDITURES			
Current			
Cost of food sales	3,869,787	-	-
Other	-	27,100	-
	<u>3,869,787</u>	<u>27,100</u>	<u>-</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	373,753	(10,715)	779
OTHER FINANCING USES			
Transfers out	-	-	(100,000)
	<u>373,753</u>	<u>(10,715)</u>	<u>(99,221)</u>
Net Change in Fund Balances			
FUND BALANCES (DEFICITS)			
Beginning of Year	<u>(436,438)</u>	<u>303,485</u>	<u>455,233</u>
End of Year	<u>\$ (62,685)</u>	<u>\$ 292,770</u>	<u>\$ 356,012</u>

Total Non-Major
Governmental Funds

2014	2013
\$ 1,041	\$ 1,767
113,796	106,626
3,597,989	3,264,265
531,590	582,316
16,288	7,867
4,260,704	3,962,841
3,869,787	4,687,438
27,100	16,450
3,896,887	4,703,888
363,817	(741,047)
(100,000)	(100,000)
263,817	(841,047)
322,280	1,163,327
\$ 586,097	\$ 322,280

East Ramapo Central School District, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and equivalents	\$ 681,634	\$ 28,470
Investments	468	468
State and Federal aid receivable	323,998	223,609
Inventories	<u>32,291</u>	<u>57,992</u>
Total Assets	<u>\$ 1,038,391</u>	<u>\$ 310,539</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 698,524	\$ 167,173
Accrued liabilities	646	98
Due to other funds	<u>401,906</u>	<u>579,706</u>
Total Liabilities	<u>1,101,076</u>	<u>746,977</u>
Fund deficit		
Nonspendable	32,291	57,992
Unassigned	<u>(94,976)</u>	<u>(494,430)</u>
Total Fund Deficit	<u>(62,685)</u>	<u>(436,438)</u>
Total Liabilities and Fund Deficit	<u>\$ 1,038,391</u>	<u>\$ 310,539</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>2014</u>	<u>2013</u>
REVENUES		
Use of money and property	\$ 165	\$ 154
State aid	113,796	106,626
Federal aid	3,597,989	3,264,265
Food sales	<u>531,590</u>	<u>582,316</u>
 Total Revenues	 4,243,540	 3,953,361
 EXPENDITURES		
Current		
Cost of food sales	<u>3,869,787</u>	<u>4,687,438</u>
 Excess (Deficiency) of Revenues Over Expenditures	 373,753	 (734,077)
 FUND BALANCE (DEFICIT)		
Beginning of Year	<u>(436,438)</u>	<u>297,639</u>
 End of Year	 <u>\$ (62,685)</u>	 <u>\$ (436,438)</u>

East Ramapo Central School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and equivalents	\$ 6,218	\$ 6,426
Investments	<u>286,552</u>	<u>297,059</u>
Total Assets	<u>\$ 292,770</u>	<u>\$ 303,485</u>
FUND BALANCE		
Restricted	<u>\$ 292,770</u>	<u>\$ 303,485</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>2014</u>	<u>2013</u>
REVENUES		
Use of money and property	\$ 97	\$ 53
Miscellaneous	<u>16,288</u>	<u>7,867</u>
Total Revenues	16,385	7,920
EXPENDITURES		
Current		
Other	<u>27,100</u>	<u>16,450</u>
Deficiency of Revenues Over Expenditures	(10,715)	(8,530)
FUND BALANCE		
Beginning of Year	<u>303,485</u>	<u>312,015</u>
End of Year	<u><u>\$ 292,770</u></u>	<u><u>\$ 303,485</u></u>

East Ramapo Central School District, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and equivalents	\$ 455,270	\$ 454,487
Investments	741	741
Due from Other Funds	<u>1</u>	<u>5</u>
 Total Assets	 <u>\$ 456,012</u>	 <u>\$ 455,233</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	<u>\$ 100,000</u>	<u>\$ -</u>
 Fund Balance		
Restricted	256,012	355,233
Assigned	<u>100,000</u>	<u>100,000</u>
 Total Fund Balance	 <u>356,012</u>	 <u>455,233</u>
 Total Liabilities and Fund Balance	 <u>\$ 456,012</u>	 <u>\$ 455,233</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>2014</u>	<u>2013</u>
REVENUES		
Use of money and property	\$ 779	\$ 1,560
OTHER FINANCING USES		
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>
Net Change in Fund Balance	(99,221)	(98,440)
FUND BALANCE		
Beginning of Year	<u>455,233</u>	<u>553,673</u>
End of Year	<u>\$ 356,012</u>	<u>\$ 455,233</u>

East Ramapo Central School District, New York

General Fund
Analysis of Change from Adopted Budget to Final Budget
Year Ended June 30, 2014

Adopted Budget	\$ 209,517,465
Additions - Encumbrances	<u>932,775</u>
Original Budget	210,450,240
Budget Amendments	<u>(1,142,602)</u>
Final Budget	<u><u>\$ 209,307,638</u></u>

General Fund
Section 1318 of Real Property Tax Law Limit Calculation

2014-2015 Expenditure Budget	\$ 210,909,476
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	\$ -
Unassigned fund balance	<u>(7,027,250)</u>
Total Unrestricted Fund Balance	(7,027,250)
Less	
Encumbrances	<u>999,487</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ (8,026,737)</u></u>
Actual Percentage	(3.81) %

East Ramapo Central School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2014

Capital Assets, net		\$ 41,368,467
Plus		
Unamortized portion of loss on refunding bonds		117,627
Less		
Bonds payable	(10,894,873)	
Unamortized portion of issuance premium on refunding bonds	(364,543)	
Energy performance contract payable	<u>(3,737,231)</u>	<u>(14,996,647)</u>
Net Investment in Capital Assets		<u>\$ 26,489,447</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, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 23, 2014.

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
September 23, 2014

**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, 2014. 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, 2014.

O'CONNOR DAVIES, LLP

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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
September 23, 2014

East Ramapo Central School District, New York

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

<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	\$ 807,385
National School Lunch Program - Commodities	10.555	294,434
National School Lunch Program - Cash	10.555	2,471,326
Summer Food Service Program	10.559	24,844
		<u>3,597,989</u>
Total U.S. Department of Agriculture		
<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	4,047,244
Special Education - Preschool Grants (IDEA, Preschool)	84.173	120,544
		<u>4,167,788</u>
Subtotal Special Education Cluster		4,167,788
Title I Grants to Local Educational Agencies	84.010	10,872,298
Education for Homeless Children and Youth	84.196	48,460
English Language Acquisition Grants	84.365	1,900,398
Improving Teacher Quality State Grants	84.367	1,104,171
State Fiscal Stabilization Fund - Race to the Top Incentive Grants, Recovery Act (ARRA) (2)	84.395	720,412
		<u>18,813,527</u>
Total U.S. Department of Education		18,813,527
Total Expenditures of Federal Awards		<u>\$ 22,411,516</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, 2014

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, 2014. 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

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2014

None

East Ramapo Central School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

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>
84.010 84.395	Title I Grants to Local Educational Agencies State Fiscal Stabilization Fund (SFSF) Race – To – The –Top Incentive Grants, Recovery Act (ARRA)

Dollar threshold used to distinguish between Type A and Type B programs: \$672,345

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, 2014

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None