
**EAST RAMAPO CENTRAL
SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**

EAST RAMAPO CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

I. INDEPENDENT AUDITOR'S REPORT, MANAGEMENT'S DISCUSSION AND ANALYSIS AND BASIC FINANCIAL STATEMENTS

Independent Auditor's Report

<u>Exhibit Number</u>		<u>Page</u>
1	Management's Discussion and Analysis (Required Supplementary Information) (MD&A)	3 - 16
2	Statement of Net Position	17
3	Statement of Activities	18
4	Balance Sheet – Governmental Funds	19
5	Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	20
6	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21
7	Reconciliation of Governmental Fund Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
8	Statement of Fiduciary Net Position – Fiduciary Fund	23
9	Notes to Financial Statements	24 -56

II. REQUIRED SUPPLEMENTARY INFORMATION

SS1	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	57 - 58
SS2	Schedule of Funding Progress for Other Post-Employment Benefits	59
SS3	Schedule of District's Proportionate Share of the Net Pension Liability	60
SS4	Schedule of District's Contributions	61

III. OTHER SUPPLEMENTARY INFORMATION

SS5	Schedule of Change from Adopted Budget to Final Budget – General Fund and Section 1318 of Real Property Tax Law Limit Calculation	62
SS6	Schedule of Project Expenditures - Capital Projects Fund	63
SS7	Net Investment in Capital Assets	64

IV. INDEPENDENT AUDITOR'S 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 AUDITOR'S REPORT

To the Board of Education
East Ramapo Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the East Ramapo Central School District, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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 fiduciary fund of the East Ramapo Central School District, as of June 30, 2017, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 3 through 16 and 57 through 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Ramapo Central School District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary financial information is the responsibility of management and was derived from and relates 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 other supplementary financial information is fairly, stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2017 on our consideration of the East Ramapo Central 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 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 East Ramapo Central School District's internal control over financial reporting and compliance.

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 12, 2017

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT I

The following is a discussion and analysis of the East Ramapo Central School District's (the "District") financial performance for the fiscal year ended June 30, 2017. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

- The District's expenses for the year, as reflected in the District-Wide Financial Statements, totaled \$277,109,373. Of this amount, \$2,589,890 was offset by program charges for services, \$38,046,690 by operating grants and contributions, and \$1,000,000 by capital grants and contributions. General revenues of \$227,485,762 amounted to 84.53% of total revenues.
- The general fund total fund balance, as reflected in the Fund Financial Statements, increased by \$4,737,940. This was due to an excess of revenues and operating transfers in over expenditures and operating transfers out based on the modified accrual basis of accounting.
- The District was awarded \$3,000,000 in legislative grants to support instructional programs, as well as a \$1,000,000 grant for capital work on the Ramapo High School roof and entrance area.
- On December 6, 2016, voters approved a bond authorization for a total estimated cost not to exceed \$58,019,350 to construct infrastructure and other improvements (including roofs, boilers, windows, air handling units, and other improvements), as well as an authorization for a second bond not to exceed \$1,127,920, for windows and door improvements at Kakiat and Fleetwood Elementary Schools. The District has not issued this debt as of June 30, 2017, leaving authorized but unissued debt in the amount of \$59,147,270.
- In July 2017, Moody's Investor Services revised their rating outlook from negative to stable, and affirmed the District's Baa2 rating.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

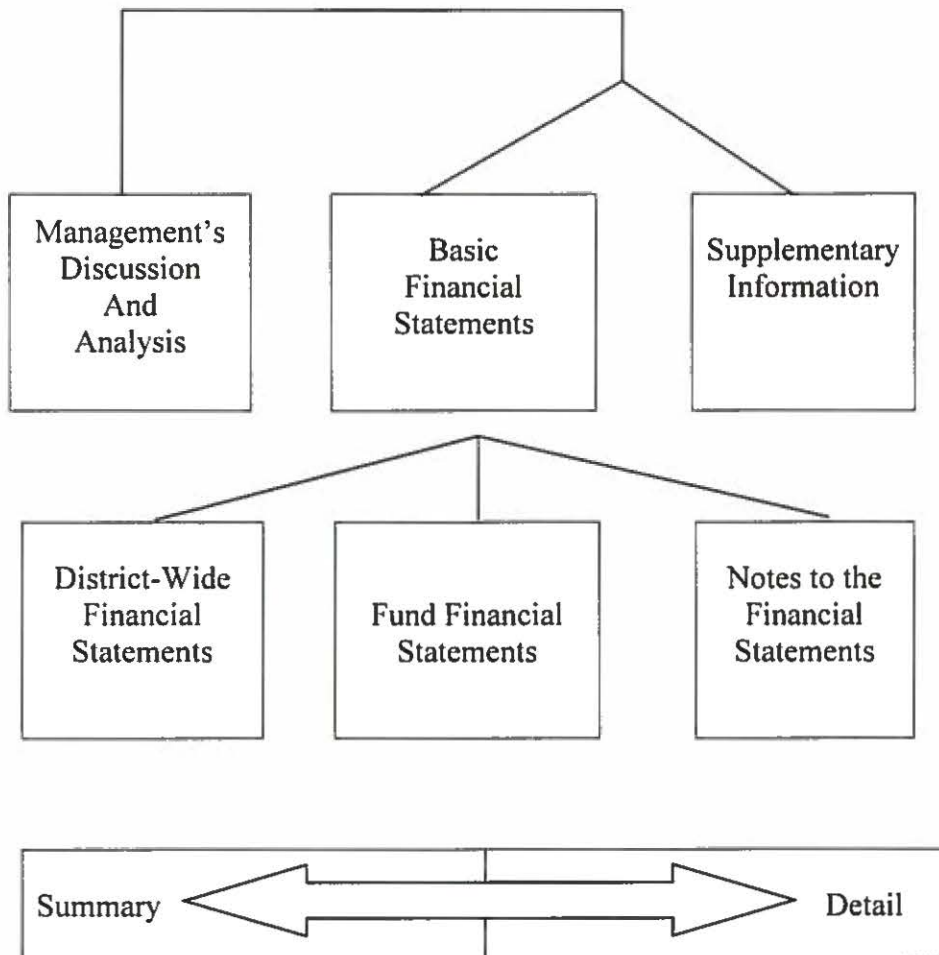
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.
 - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

- *Fiduciary Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. The following shows how the various parts of this annual report are arranged and related to one another.

Organization of the District's Annual Financial Report



**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The following table summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide Financial Statements and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflow of resources and liability/deferred inflow of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Current assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All financial assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any), short-term and long-term
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 1

A) District-Wide Financial Statements:

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-Wide Financial Statements report the District's net position and how it has changed. Net position, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

- Over time, increases and decreases in net position is an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

District-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation; and
 - *Unrestricted net position* are net position that do not meet any of the above restrictions.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 1

B) Fund Financial Statements:

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- *Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the Governmental Fund Financial Statements focus primarily on the sources, uses, and balance of current financial resources and often have a budgetary orientation. Included are the general fund, special aid fund, school lunch fund and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary fund:* The District is the trustee or *fiduciary* for assets that belong to others, such as student activities funds, and employee payroll withholdings. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position:

The District's net position decreased by \$7,987,031 in the fiscal year ended June 30, 2017 as detailed in the table that follows.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 1

Condensed Statement of Net Position

	Fiscal Year 2017	*Fiscal Year 2016	Change	Total Percentage Change
Current assets	\$54,609,369	\$31,287,465	\$23,321,904	74.54%
Capital assets	31,649,470	31,998,482	(349,012)	-1.09%
Net pension asset -proportionate share		57,131,374	(57,131,374)	-100.00%
Total Assets	<u>86,258,839</u>	<u>120,417,321</u>	<u>(34,158,482)</u>	<u>-28.37%</u>
Deferred outflows of resources	<u>63,472,628</u>	<u>21,059,552</u>	<u>42,413,076</u>	<u>201.40%</u>
Total assets and deferred outflows of resources	<u>149,731,467</u>	<u>141,476,873</u>	<u>8,254,594</u>	<u>5.83%</u>
Current liabilities	43,916,190	24,670,942	19,245,248	78.01%
Long-term liabilities	<u>199,362,525</u>	<u>185,314,506</u>	<u>14,048,019</u>	<u>7.58%</u>
Total Liabilities	<u>243,278,715</u>	<u>209,985,448</u>	<u>33,293,267</u>	<u>15.86%</u>
Deferred inflows of resources	<u>4,456,030</u>	<u>21,507,672</u>	<u>(17,051,642)</u>	<u>-79.28%</u>
Total liabilities and deferred inflows of resources	<u>247,734,745</u>	<u>231,493,120</u>	<u>16,241,625</u>	<u>7.02%</u>
Net Position				
Net investment in capital assets	7,965,193	24,279,372	(16,314,179)	-67.19%
Restricted	1,087,621	1,302,758	(215,137)	-16.51%
Unrestricted (deficit)	<u>(107,056,092)</u>	<u>(115,598,377)</u>	<u>8,542,285</u>	<u>7.39%</u>
Total Net Position	<u>(\$98,003,278)</u>	<u>(\$90,016,247)</u>	<u>(\$7,987,031)</u>	<u>8.87%</u>

Reclassifications were made to the 2016 restricted and unrestricted net position to conform to the 2017 financial statement classification. Such reclassifications had no effect on total net position as previously reported.

Current assets increased by \$23,321,904 from 2016 to 2017. This change is primarily related to an increase in cash caused by the issuance of the Bond Anticipation Notes (BANs), as well as an increase in state and federal aid receivable. Capital assets (net of depreciation) decreased \$349,012 due to current year depreciation exceeding capital outlay expenses. The net pension asset - proportionate share decreased by \$57,131,374 as a result of the actuarial valuation provided by the state and is currently a net pension liability of \$6,063,235. The change in deferred outflows of resources represents amortization of the pension related items and the change in the District's contributions subsequent to the measurement date, as discussed in Note 13, as well as amortization on the deferred charges on refundings, as discussed in Note 12.

Current liabilities increased by \$19,245,248, primarily due to the issuance of the BANs as mentioned above. Long-term liabilities increased by \$14,048,019 which was due to increases in the District's net other post-employment benefit obligation, judgements, claims and settlements payable, and the net pension liability for TRS, partially offset by current year principal payments on debt, and the decrease in the pension liability for ERS. The changes in deferred inflows represent amortization of pension related items as discussed in Note 13, as well as amortization on the premiums on bonds, as discussed in Note 12.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 1

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation and related debt (including debt related items such as premiums and deferred charges). This number decreased from the prior year by \$16,314,179 primarily due to the issuance of additional debt from the BAN issuances and depreciation, partially offset by current year bond and energy performance principal payments and capital additions.

The restricted net position at June 30, 2017, relates to the District's insurance reserve and restricted amounts for special purposes, and debt service. Restricted net position decreased by \$215,137. This is discussed further in section 4 of this Management Discussion and Analysis entitled "Financial Analysis of the District's Funds" and section 5, "General Fund Budgetary Highlights".

The unrestricted net (deficit) at June 30, 2017 of (\$107,056,092) relates to the balance of the District's net position. The unrestricted net (deficit) increased by \$8,542,285.

B) Changes in Net Position:

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2017 and 2016 are as follows:

Change in Net Position from Operating Results

	Fiscal Year 2017	*Fiscal Year 2016	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for services	\$2,589,890	\$2,517,470	\$72,420	2.88%
Operating grants and contributions	38,046,690	35,924,496	2,122,194	5.91%
Capital grants and contributions	1,000,000	621	999,379	160930.60%
General Revenues				
Real property taxes and other tax items	148,862,903	146,968,267	1,894,636	1.29%
State sources	74,205,265	66,511,944	7,693,321	11.57%
Use of money and property	630,072	650,924	(20,852)	-3.20%
Sale of property and compensation for loss	373,868	136,138	237,730	174.62%
Other	3,413,654	2,946,453	467,201	15.86%
Total Revenues	<u>\$269,122,342</u>	<u>\$255,656,313</u>	<u>\$13,466,029</u>	5.27%
Expenses				
General support	\$25,680,913	\$24,531,469	\$1,149,444	4.69%
Instruction	210,989,080	193,793,623	17,195,457	8.87%
Pupil transportation	35,245,456	32,987,424	2,258,032	6.85%
Community service	152,327	124,147	28,180	22.70%
Debt service - interest	293,094	369,717	(76,623)	-20.72%
Food service program	4,709,299	4,456,637	252,662	5.67%
Other	39,204	23,376	15,828	67.71%
Total Expenses	<u>\$277,109,373</u>	<u>\$256,286,393</u>	<u>\$20,822,980</u>	8.12%
Total Change in Net Position	<u>(\$7,987,031)</u>	<u>(\$630,080)</u>	<u>(\$7,356,951)</u>	1167.62%

*Reclassifications were made to the 2016 revenues to conform to the 2017 financial statement classification. Such reclassifications had no effect on total revenues as previously reported.

The District's fiscal year 2017 revenues totaled \$269,122,342. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 55.31% and

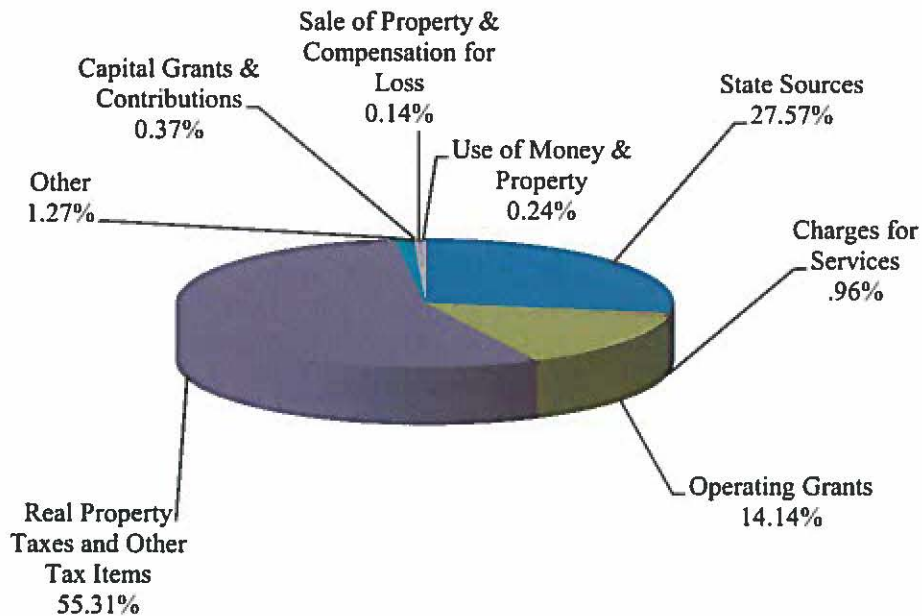
**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

27.57%, respectively of total revenue. The remainder came from fees charged for services, operating and capital grants and contributions, use of money and property, sale of property and compensation for loss, and other miscellaneous sources. Total revenues increased by \$13,466,029 or 5.27%. This was primarily attributable to an increase in state sources, and capital and operating grants.

The cost of all programs and services totaled \$277,109,373 for fiscal year 2017. These expenses are predominantly related to instruction, which account for 76.14% of District expenses. The District's general support activities accounted for 9.27% of total costs. Total expenses increased by \$20,822,980 or 8.12%. This was primarily attributable to increased expenses in the general fund, as well as the change in pension related actuarially calculated information which is allocated to the functions based on salary expenses.

The users of the District's programs financed \$2,589,890 of the cost. The federal and state governments subsidized certain programs with operating grants and contributions of \$38,046,690 and capital grants and contributions of \$1,000,000, which represents a combined 8.69% increase from the prior year. Most of the District's net costs of \$235,472,793 were financed by District taxpayers, and state sources.

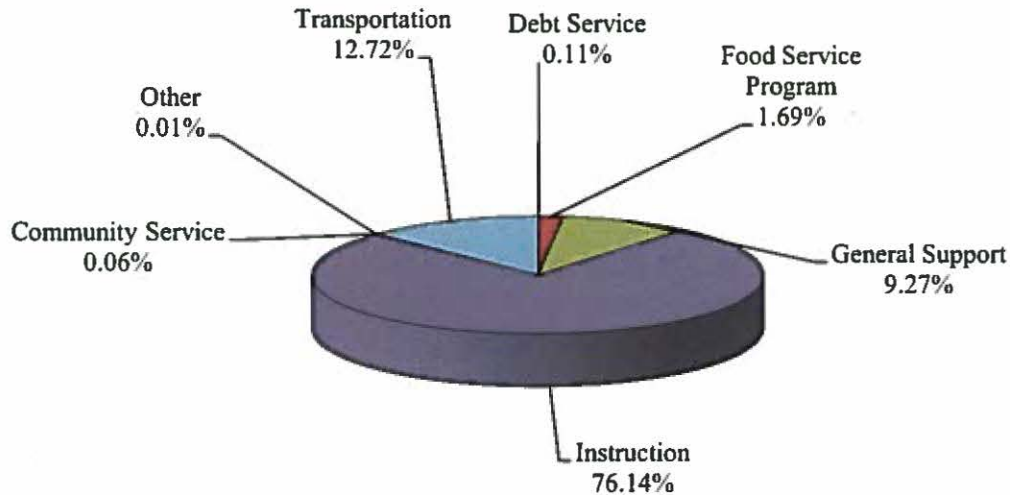
Revenues for Fiscal Year 2017



**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 1

Expenditures for Fiscal Year 2017



4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variations between years for the Fund Financial Statements are not the same as variations between years for the District-Wide Financial Statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term liabilities, certain deferred outflows or inflows, and capital assets purchased by the District. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt, and the current payments on other long-term liabilities.

As of June 30, 2017, the District's combined governmental funds reported a total fund balance of \$10,605,622 which is an increase of \$3,973,500 from the prior year.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 1

A summary of the change in fund balance for all the funds is as follows:

	Fiscal Year 2017	Fiscal Year 2016	Increase/ (Decrease)	Total Percentage Change
General Fund				
Nonspendable for advances	\$30,033	\$170,886	(\$140,853)	-82.43%
Restricted for insurance	101,815	101,744	71	0.07%
Assigned - general support	164,139	97,551	66,588	68.26%
Assigned - instruction	289,066	637,673	(348,607)	-54.67%
Assigned - pupil transportation	33,775		33,775	N/A
Assigned- employee benefits	118,923		118,923	N/A
Unassigned	9,158,479	4,150,436	5,008,043	120.66%
Total Fund Balance - General Fund	<u>\$9,896,230</u>	<u>\$5,158,290</u>	<u>\$4,737,940</u>	91.85%
School Lunch Fund				
Nonspendable for inventory	\$47,894	\$46,188	\$1,706	3.69%
Assigned - unappropriated	1,041,706	389,356	652,350	167.55%
Total Fund Balance - School Lunch Fund	<u>\$1,089,600</u>	<u>\$435,544</u>	<u>\$654,056</u>	150.17%
Debt Service Fund				
Restricted	\$729,346	\$707,930	\$21,416	3.03%
Assigned - appropriated	52,989	212,902	(159,913)	-75.11%
Total Fund Balance - Debt Service Fund	<u>\$782,335</u>	<u>\$920,832</u>	<u>(\$138,497)</u>	-15.04%
Capital Projects Fund				
Unassigned	(1,419,003)	(\$162,726)	(\$1,256,277)	772.02%
Total Fund Balance - Capital Projects Fund	<u>(\$1,419,003)</u>	<u>(\$162,726)</u>	<u>(\$1,256,277)</u>	772.02%
Special Purpose Fund				
Restricted	\$256,460	\$280,182	(\$23,722)	-8.47%
Total Fund Balance - Special Purpose Fund	<u>\$256,460</u>	<u>\$280,182</u>	<u>(\$23,722)</u>	-8.47%
 Total Fund Balance - All Funds	 <u>\$10,605,622</u>	 <u>\$6,632,122</u>	 <u>\$3,973,500</u>	 59.91%

A) General Fund

The net change in the general fund – fund balance is an increase of \$4,737,940 as a result of revenues and other financing sources of \$229,664,511 exceeding expenditures and other financing uses of \$224,926,571. Revenues increased \$10,055,504 or 4.58% compared to the prior year, mostly due to the increase in state sources.

Expenditures increased \$7,941,037 or 3.68% compared to the prior year in all areas except for debt service interest. Instruction expenditures and pupil transportation were the largest increases with approximately \$3.4 million, and \$2.1 million, respectively.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 1

B) School Lunch Fund

The net change in the school lunch fund – fund balance is an increase of \$654,056. This increase is the operating profit for the current year, which includes a transfer from the general fund of \$57,000 for uncollectible negative balances on student accounts.

C) Debt Service Fund

The net change in the debt service fund – fund balance is a decrease of \$138,497. The debt service fund received interest and the premium on the BAN in the amount of \$74,405, and transferred \$212,902 to the general fund to offset debt payments.

D) Capital Projects Fund

The net change in the capital projects fund – fund balance is a decrease of \$1,256,277 bringing fund balance to a deficit of \$1,419,003. This decrease was due to an excess of expenditures over revenues and other financing sources. The capital projects fund received \$311,048 in general fund budgetary appropriation transfers, as well as \$839,583 from a NYS grant, and had \$2,406,908 in capital outlay expenditures. The deficit fund balance is due to capital work beginning on the bond projects that were approved in December 2016, for which permanent financing has not been obtained yet.

E) Special Purpose Fund

The net change in the special purpose fund represents the amount by which scholarships awarded in the current year exceeded interest and donations.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2016-2017 Budget:

The District's general fund adopted budget for the fiscal year ended June 30, 2017 was \$224,364,070. This amount was increased by encumbrances carried forward from the prior year in the amount of \$735,224, and budget revisions for donations and special legislative grants of \$3,008,750, bringing the final budget to \$228,108,044. The majority of the funding was real property taxes and other tax items budget of \$149,624,041.

B) Change in the General Fund Unassigned Fund Balance (Budget to Actual):

The general fund unassigned fund balance is a component to total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and assignments to fund subsequent years' budgets. It is this balance that is commonly referred to as "Fund Balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 1

Opening, unassigned fund balance	\$4,150,436
Revenues over budget	2,291,691
Expenditures and encumbrances under budget	2,575,570
Change in nonspendable fund balance	140,853
Interest allocated to reserves	(71)
Closing, unassigned fund balance	<u>\$9,158,479</u>

The opening unassigned fund balance of \$4,150,436 is the June 30, 2016 unassigned fund balance.

The revenues over budget were \$2,291,691. Refer to Supplemental Schedule #1 for more details.

The expenditures and encumbrances under budget were \$2,575,570. Refer to Supplemental Schedule #1 for more details.

Nonspendable fund balance, which represents the advances to the capital fund not expected to be repaid in the next fiscal year, decreased by \$140,853, which increases unassigned fund balance.

Interest of \$71 was allocated to the insurance reserve.

The District will close the 2016-2017 fiscal year with \$9,158,479 in unassigned fund balance. NYS Real Property Tax Law §1318 restricts this number to an amount not greater than 4% of the District's budget for the ensuing fiscal year. The District's unassigned fund balance is within the legal limit.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A) Capital Assets:

The District paid for equipment, and various building additions and renovations during the fiscal year 2017. A summary of the District's capital assets net of depreciation are as follows:

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 1

Capital Assets (Net of Depreciation)

Category	Fiscal Year 2017	Fiscal Year 2016	Net Increase/ (Decrease)	Percentage Change
Land	\$7,764,601	\$7,764,601	\$ -	0.00%
Construction in Progress	2,471,308	64,400	2,406,908	3737.43%
Buildings & Improvements	84,825,034	84,802,133	22,901	0.03%
Machinery & Equipment	6,324,946	6,789,969	(465,023)	-6.85%
Subtotal	<u>101,385,889</u>	<u>99,421,103</u>	<u>1,964,786</u>	<u>1.98%</u>
Less: Accumulated Depreciation	<u>69,736,419</u>	<u>67,422,621</u>	<u>2,313,798</u>	<u>3.43%</u>
Total Net Capital Assets	<u><u>\$31,649,470</u></u>	<u><u>\$31,998,482</u></u>	<u><u>(\$349,012)</u></u>	<u><u>-1.09%</u></u>

The District's capital outlay for the year was \$2,406,908 from the capital project fund and \$251,071 from the general fund. The District also disposed of various machinery and equipment resulting in a loss on disposal of \$42,740, and recorded depreciation expense of \$2,964,251.

B) Long-Term Debt:

At June 30, 2017, the District had total debt payable of \$4,688,857. The decreases represent principal payments. More detailed information about the District's long-term debt is presented in the Notes to the Financial Statements. A summary of outstanding debt at June 30, 2017 and 2016 is as follows:

	2017	2016	Increase (Decrease)
Bonds payable	<u>\$4,455,000</u>	<u>\$6,680,000</u>	<u>(\$2,225,000)</u>
Energy performance contract	<u>233,857</u>	<u>1,146,804</u>	<u>(912,947)</u>
Total	<u><u>\$4,688,857</u></u>	<u><u>\$7,826,804</u></u>	<u><u>(\$3,137,947)</u></u>

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

A) The general fund budget for the 2017-18 school year in the amount of \$231,084,369 was approved by voters. This is an increase of \$6,720,299 or 3.00% over the previous year's budget. This increase was primarily due to an increase in instructional costs, as well as the increase in the transfer to the capital projects fund.

B) The NYS Legislature introduced and approved a property tax cap beginning in the 2012-2013 school year. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the district's tax

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 1

levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60 percent of the vote.

- C) On July 13, 2017, the District issued a tax anticipation note (TAN) for \$16,000,000, maturing on October 27, 2017 for interim financing of the general fund operations. The TAN has a stated interest rate of 1.5% resulting in interest expense of \$69,333.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

East Ramapo Central School District
Mr. Valter Paci
Assistant Superintendent for Finance
105 S. Madison Avenue
Spring Valley, NY 10977
(845)-577-6000

EAST RAMAPO CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS	
Current assets	
Cash	
Unrestricted	\$38,950,703
Restricted	1,084,189
Receivables	
Accounts receivable	19,524
State and federal aid	12,629,636
Due from other governments, net of allowance	798,643
Due from fiduciary funds	1,078,780
Inventories	47,894
Non-current assets	
Capital assets not being depreciated	10,235,909
Capital assets being depreciated, net of accumulated depreciation	21,413,561
TOTAL ASSETS	<u>86,258,839</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	63,472,628
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>63,472,628</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$149,731,467</u>
LIABILITIES	
Payables	
Accounts payable	10,017,358
Accrued liabilities	1,608,017
Accrued interest payable	72,860
Due to teachers' retirement system	11,211,214
Due to employees' retirement system	741,881
Due to other governments	84,743
Note Payable	
Bond anticipation notes	19,090,420
Unearned credits	
Collections in advance	1,089,697
Long-term liabilities	
Due and payable within one year	
Bonds payable	705,000
Energy performance contract debt payable	233,857
Judgements, claims and settlements payable	221,209
ERS stabilization program liability	238,802
Due and payable after one year	
Bonds payable	3,750,000
Judgements, claims and settlements payable	927,254
ERS stabilization program liability	2,594,374
Compensated absences payable	628,031
Net other post employment benefits obligation	179,005,902
Net pension liability - proportionate share	11,058,096
TOTAL LIABILITIES	<u>243,278,715</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	4,456,030
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,456,030</u>
NET POSITION	
Net investment in capital assets	7,965,193
Restricted	
Insurance	101,815
Debt	729,346
Special purpose	256,460
	<u>1,087,621</u>
Unrestricted (deficit)	<u>(107,056,092)</u>
TOTAL NET POSITION (DEFICIT)	<u>(\$98,003,278)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$149,731,467</u>

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
General support	(\$25,680,913)			(\$25,680,913)
Instruction	(210,989,080)	\$2,202,712	\$32,615,065	(175,171,303)
Pupil transportation	(35,245,456)		576,510	(34,668,946)
Community service	(152,327)			(152,327)
Debt service-interest	(293,094)			(293,094)
Food service program	(4,709,299)	387,178	4,840,869	518,748
Other	(39,204)		14,246	(24,958)
TOTAL FUNCTIONS AND PROGRAMS	(\$277,109,373)	\$2,589,890	\$38,046,690	(235,472,793)
GENERAL REVENUES				
Real property taxes				133,580,530
Other tax items - including STAR reimbursement				15,282,373
Use of money and property				630,072
Sale of property and compensation for loss				373,868
Miscellaneous				2,556,045
State sources				74,205,265
Medicaid reimbursement				857,609
TOTAL GENERAL REVENUES				227,485,762
CHANGE IN NET POSITION				(7,987,031)
TOTAL NET POSITION - BEGINNING OF YEAR				(90,016,247)
TOTAL NET POSITION - END OF YEAR				(\$98,003,278)

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Purpose</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents							
Unrestricted	\$17,037,648	\$1,704,065	\$1,135,075		19,073,915		38,950,703
Restricted	101,815			\$708,611		\$273,763	1,084,189
Receivables							
Accounts receivable	16,921	2,603					19,524
Due from state and federal	6,139,944	5,975,866	353,408		160,418		12,629,636
Due from other governments, net	733,211	65,432					798,643
Advances to other funds	30,033						30,033
Due from other funds	7,936,170			73,724			8,009,894
Inventories			47,894				47,894
TOTAL ASSETS	<u>\$31,995,742</u>	<u>\$7,747,966</u>	<u>\$1,536,377</u>	<u>\$782,335</u>	<u>\$19,234,333</u>	<u>\$273,763</u>	<u>\$61,570,516</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Payables							
Accounts payable	\$7,396,017	\$1,993,938	\$260,758		\$366,645		10,017,358
Accrued liabilities	1,596,998	11,019					1,608,017
Due to other governments	68,150	14,410	2,183				84,743
Advances from other funds					30,033		30,033
Due to other funds		5,728,599	179,391		1,005,821	\$17,303	6,931,114
Due to teachers' retirement system	11,211,214						11,211,214
Due to employees' retirement system	741,881						741,881
Bond anticipation note payable					19,090,420		19,090,420
Unearned credits							
Collections in advance	1,085,252		4,445				1,089,697
TOTAL LIABILITIES	<u>22,099,512</u>	<u>7,747,966</u>	<u>446,777</u>	<u>-</u>	<u>20,492,919</u>	<u>17,303</u>	<u>50,804,477</u>
DEFERRED INFLOWS OF RESOURCES							
NYS Grant	-	-	-	-	160,417	-	160,417
FUND BALANCES							
Nonspendable							
Inventory			47,894				47,894
Advances to other funds	30,033						30,033
Restricted							
Insurance	101,815						101,815
Debt				\$729,346			729,346
Special purpose						256,460	256,460
Assigned							
Appropriated fund balance				52,989			52,989
Unappropriated fund balance	605,903		1,041,706				1,647,609
Unassigned	9,158,479				(1,419,003)		7,739,476
TOTAL FUND BALANCES	<u>9,896,230</u>	<u>-</u>	<u>1,089,600</u>	<u>782,335</u>	<u>(1,419,003)</u>	<u>256,460</u>	<u>10,605,622</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$31,995,742</u>	<u>\$7,747,966</u>	<u>\$1,536,377</u>	<u>\$782,335</u>	<u>\$19,234,333</u>	<u>\$273,763</u>	<u>\$61,570,516</u>

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2017**

Total Governmental Fund Balances \$ 10,605,622

Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$101,385,889	
Accumulated depreciation	<u>(69,736,419)</u>	31,649,470

Pension deferred inflows and outflows of resources- The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. The amounts related to pensions that will be recognized in pension expense in future periods amounted to:

Deferred inflows related to pensions	(\$4,456,030)	
Deferred outflows related to pensions	<u>63,472,628</u>	59,016,598

Deferred inflows - NYS Grant - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. 160,417

Payables that are associated with certain short and long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to short and long-term liabilities at year end consisted of accrued interest payable on the bond and BAN of: (72,860)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable	(\$4,455,000)	
Energy performance contract debt payable	(233,857)	
Judgements, claims and settlements payable	(1,148,463)	
ERS stabilization program liability	(2,833,176)	
Compensated absences payable	(628,031)	
Net other post-employment benefits obligation payable	(179,005,902)	
Net pension liability - proportionate share	<u>(11,058,096)</u>	<u>(199,362,525)</u>

Total Net Position (\$98,003,278)

EAST RAMAPO CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Special Purpose	Total Governmental Funds
REVENUES							
Real property taxes	\$133,580,530						\$133,580,530
Other tax items - including STAR reimbursement	15,282,373						15,282,373
Charges for services	2,202,712						2,202,712
Use of money and property	554,213		\$218	\$74,405		\$1,236	630,072
Sale of property and compensation for loss	373,868						373,868
Miscellaneous	2,395,039	\$154,871	6,135			14,246	2,570,291
State sources	74,205,265	9,530,261	136,520		\$839,583		84,711,629
Federal sources	857,609	23,661,314	4,338,604				28,857,527
Surplus food			365,745				365,745
Sales			387,178				387,178
TOTAL REVENUES	229,451,609	33,346,446	5,234,400	74,405	839,583	15,482	268,961,925
EXPENDITURES							
General support	19,432,984						19,432,984
Instruction	119,449,557	33,357,442					152,806,999
Pupil transportation	33,275,690	576,510					33,852,200
Community service	93,217						93,217
Employee benefits	48,263,483						48,263,483
Debt service - principal	3,137,947						3,137,947
Debt service - interest	318,139						318,139
Cost of sales			4,637,344				4,637,344
Other expenditures						39,204	39,204
Capital outlay					\$2,406,908		2,406,908
TOTAL EXPENDITURES	223,971,017	33,933,952	4,637,344	-	2,406,908	39,204	264,988,425
EXCESS (DEFICIENCY)							
OF REVENUES OVER EXPENDITURES	5,480,592	(587,506)	597,056	74,405	(1,567,325)	(23,722)	3,973,500
OTHER FINANCING SOURCES (USES)							
Operating transfers in	212,902	587,506	57,000		311,048		1,168,456
Operating transfers (out)	(955,554)			(212,902)			(1,168,456)
TOTAL OTHER FINANCING SOURCES AND (USES)	(742,652)	587,506	57,000	(212,902)	311,048	-	-
NET CHANGE IN FUND BALANCES	4,737,940	-	654,056	(138,497)	(1,256,277)	(23,722)	3,973,500
FUND BALANCES - BEGINNING OF YEAR	5,158,290	-	435,544	920,832	(162,726)	280,182	6,632,122
FUND BALANCES - END OF YEAR	\$9,896,230	\$ -	\$1,089,600	\$782,335	(\$1,419,003)	\$256,460	\$10,605,622

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Net Change in Fund Balances		\$3,973,500
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
In the Statement of Activities, certain operating expenses are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used.		
	Increase in net other post employment benefits obligation	(\$14,066,154)
	Increase in judgements, claims and settlements payable	(978,791)
	Increase in ERS stabilization program liability	(139,997)
	Decrease in compensated absences payable	<u>69,018</u>
		(15,115,924)
Increases / decreases in the proportionate share of net pension asset/liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
	Teachers' retirement system	\$748,198
	Employees' retirement system	<u>(567,202)</u>
		180,996
Deferred inflows - NYS Grant - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in revenues recognized under the full accrual method for the year ended June 30, 2017 is		
		160,417
Capital Related Items		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.		
	Capital outlays	\$2,657,979
	Depreciation expense and loss on disposal	<u>(3,006,991)</u>
		(349,012)
Long-Term Debt Transactions		
	Repayment of bond principal is an expenditure in the governmental funds, but it reduced long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	2,225,000
	Repayment of energy performance contract debt payable is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	912,947
	Interest on short and long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as it accrues. Accrued interest from June 30, 2016 to June 30, 2017 changed by	(57,261)
	Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amount of amortization on the bond premium and deferred charges is:	<u>82,306</u>
Change in Net Position		<u>(\$7,987,031)</u>

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUND
JUNE 30, 2017**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$1,721,080
TOTAL ASSETS	\$1,721,080
 LIABILITIES	
Due to governmental funds	\$1,078,780
Accrued liabilities	419,613
Extraclassroom activity balance	141,170
Deposits on hand	81,517
TOTAL LIABILITIES	\$1,721,080

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

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

A) Reporting entity:

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The Board of Education serves as the legislative body and has the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters. In addition, the Board is responsible for, and controls all activities related to public school education within the District. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer.

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

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

i) Extraclassroom Activity Funds

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

B) Joint venture:

The District is a component district that participates in the Rockland County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

C) Basis of presentation:

i) District-Wide Financial Statements:

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

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

ii) Fund Financial Statements:

The Fund Financial Statements provide information about the District's funds, including the fiduciary fund. Separate statements for each fund category (governmental and fiduciary) are

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the activities of the District's food service operations.

Debt Service Fund: This 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.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Special Purpose Fund: This fund is used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for activities in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide Financial Statements, because their resources do not belong to the District, and are not available to be used. The District has the following fiduciary fund:

Agency Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups and for payroll or employee withholding.

D) Measurement focus and basis of accounting:

The District-Wide Financial Statements and Fiduciary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non exchange transactions, in which the District

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

gives or receives value without directly, receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within six months after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

E) Real property taxes:

i) Calendar

Real property taxes are levied annually by the Board of Education, and become a lien on July 1st. Taxes are collected by the Towns of Ramapo, Clarkstown, and Haverstraw, and are remitted to the District September 1st through October 31st, after which collection responsibility is transferred to the County as discussed below.

ii) Enforcement

Uncollected real property taxes are subsequently enforced by Rockland County (“the County”) in which the District is located. The County pays an amount representing uncollected real property taxes to the District no later than the following April 1st.

F) Restricted resources:

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

G) Interfund transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

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

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

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) Advances to/from other funds:

Advances to/from other funds represent loans to other funds which are not expected to be repaid within the next fiscal year. These advances are offset by recording non-spendable fund balance in the fund financial statements which indicates that the funds are not available financial resources to appropriate. Eliminations have been made for all advances between the governmental funds.

I) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflow of resources, liabilities, and deferred inflows of resources, and disclosure of contingent items at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, judgements, claims and settlements, other post-employment benefits, other long term liabilities, net pension liability, and useful lives of capital assets.

J) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand, demand and time deposits.

K) Receivables:

Receivables other than those due from other governments in the general fund are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible amounts has been provided since it is believed that such allowance would not be material. The due from other governments in the general fund is shown net of an allowance for

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

uncollectible amounts, which was determined based on the District's historical knowledge and experience.

L) Inventories and prepaid items:

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's stated value, which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Non-spendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund to signify that a portion of fund balance is not available for other subsequent expenditures.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items at June 30, 2017.

M) Capital assets:

Capital assets are reflected in the District-Wide Financial Statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at estimated fair market value at the time received.

All capital assets, except land and construction in progress, are depreciated on a straight line basis over their estimated useful lives. Capitalization thresholds (the individual dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	\$5,000	Straight line	20-50 years
Machinery and equipment	\$5,000	Straight line	5-20 years

N) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

Collections in advance as of June 30, 2017 consisted of prepaid balances for meals in the school lunch fund, and summer program deposits and unearned grant monies for the subsequent year received in the general fund.

O) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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. The District has one item that qualifies for reporting in this category. This amount is related to pensions reported in the District-Wide Statement of Net Position. This represents the difference between expected and actual experience (ERS), changes of assumptions (ERS and TRS), the net difference between projected and actual investment earnings on pension plan investments (ERS and TRS), changes in proportion and differences between the District's contributions and proportionate share of contributions (ERS and TRS), and the District's contributions to the pension systems subsequent to the measurement date (ERS and TRS).

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. This amount is related to pensions reported in the District-Wide Statement of Net Position. This represents the difference between expected and actual experience (ERS and TRS), and changes in proportion and differences between employer contributions and proportionate share of contributions (ERS and TRS).

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflow of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows or resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus

P) Vested employee benefits:

Compensated absences:

Compensated absences consist of unpaid accumulated annual vacation time.

Vacation and sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated vacation leave.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within the current fiscal year.

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the District-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the Fund Financial Statements only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis. The liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

Q) Other benefits:

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Section 403(b).

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payments). In the District-Wide Financials Statements, the cost of postemployment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 45.

R) Short-term debt:

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

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue dated. Refer to Note 10 for more information on short term debt.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

S) Accrued liabilities and long-term obligations:

Payables, accrued liabilities and long-term obligations are reported in the District-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Judgments, claims and settlements, compensated absences, net pension liability, other post-employment benefit obligations, and other long term liabilities that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds, energy performance contract debt, and other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due.

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

T) Equity Classifications:

i) District-Wide Financial Statements:

In the District-Wide Financial Statements there are three classes of net position:

Net investment in capital assets consists of net capital assets (cost less accumulated depreciation) plus unamortized deferred charges on refunding, reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets, as well as the unamortized premiums on bonds.

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

ii) Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

- 1) **Non-spendable fund balance** – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund of \$47,894, and advances to the capital projects fund of \$30,033 in the general fund.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

- 2) **Restricted fund balance** – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has established the following as restricted:

Insurance Reserve

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

Debt Service

The unexpended balances of proceeds of borrowings for capital projects, interest and earning from investing proceeds of borrowings, and borrowing premiums can be recorded as amounts restricted for debt service. These restricted funds are accounted for in the debt service fund.

Special Purpose

Amounts restricted for special purposes are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted for in the special purpose fund.

- 3) **Committed fund balance** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (i.e. Board of Education). The District has no committed fund balances as of June 30, 2017.
- 4) **Assigned fund balance** – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.
- 5) **Unassigned fund balance** – Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

The unassigned deficit fund balance in the capital projects fund of \$1,419,003 will be eliminated once permanent financing is obtained.

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

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (i.e. expenditures related to reserves) the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

U) New accounting standards:

The District has adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2017: Statement No. 77, *Tax Abatement Disclosures*, which requires increased disclosures surrounding tax abatements, and Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement addresses issues in the previously issued pension statements regarding payroll related measures in the required supplementary information, the selection of assumptions and deviations from other guidance, and the treatment of employee (plan member) contributions made by employers.

V) Future changes in accounting standards:

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending June 30, 2018. This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

These are the statements that the District feels may have an impact on these financial statements and are not an all inclusive list of GASB statements issued. The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

**NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND
STATEMENTS AND DISTRICT-WIDE STATEMENTS:**

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

(A) Total fund balances of governmental funds vs. net position of governmental activities:

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

(B) Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of the four broad categories. The amounts shown below represent:

(i) Long-term revenue and expense differences:

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

(ii) Capital related differences:

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

(iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

(iv) Employee benefit allocations:

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balances based on the

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

requirements of New York State. These costs have been allocated based on total salary for each function in the Statement of Activities.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the general fund. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on the other supplemental information – schedule of change from adopted budget to final budget.

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

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

B) Encumbrances:

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash:

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A) Uncollateralized;
- B) Collateralized with securities held by the pledging financial institution in the District's name; or
- C) Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

All of the District's aggregate bank balances were covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

Restricted cash:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2017 included \$1,084,189 within the governmental funds for debt service, special purpose and general reserve purposes.

Investments:

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

Investment pool:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

considered to be cash equivalents. At June 30, 2017, the District held \$310,783 in the governmental funds, and \$20,406 in the fiduciary fund, in investments consisting of various investments in securities issued by the United States and its agencies.

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General fund	\$ 40,840	\$ 40,840
Special aid fund	144	144
School lunch fund	471	471
Debt service fund	746	746
Capital projects fund	5	5
Special purpose fund	268,577	268,577
Subtotal - governmental funds	310,783	310,783
Trust and agency fund	20,406	20,406
Total	<u>\$ 331,189</u>	<u>\$ 331,189</u>

Total investments of the cooperative at June 30, 2017 are \$489,674,002, which consisted of \$166,914,400 in repurchase agreements and \$322,759,602 in U.S. Treasury Securities in U.S. Government Guaranteed Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2017 are \$180,867,674.

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. CLASS is rated AAAM by S&P Global ratings. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website, www.newyorkclass.org, or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver CO, 80202.

NOTE 5 – PARTICIPATION IN BOCES:

During the year, the District was billed \$18,762,109 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,416,164. Financial statements for the BOCES are available from the BOCES administrative office located at 65 Parrott Road, West Nyack, New York 10994.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

NOTE 6 – DUE FROM OTHER GOVERNMENTS:

Due from other governments at June 30, 2017 consisted of the following:

General Fund	
Health and welfare billings	\$ 508,896
BOCES sub reimbursement	2,112
Non-resident and special education billing	<u>389,773</u>
Gross Due from other governments	900,781
Allowance for uncollectible accounts	<u>(167,570)</u>
Total General fund, net	<u>\$ 733,211</u>
 Special Aid Fund	
Rockland County Healthy Schools grant	<u>\$ 65,432</u>
Total Due from other governments, net	<u>\$ 798,643</u>

District management has deemed the net receivables to be fully collectible.

NOTE 7 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2017 consisted of the following:

General Fund	
Excess cost aid	\$1,516,392
General aid	3,348,264
BOCES aid	1,010,213
Medicaid	<u>265,075</u>
Total-General fund	<u>\$6,139,944</u>
 Special Aid Fund	
Federal grants	\$3,286,312
State grants	<u>2,689,554</u>
Total-Special Aid Fund	<u>\$5,975,866</u>
 School Lunch Fund	
Federal reimbursement	\$342,754
State reimbursement	<u>10,654</u>
Total School Lunch Fund	<u>\$353,408</u>
 Capital Projects Fund	
NYS Grant	<u>\$160,418</u>
Total-All Funds	<u>\$12,629,636</u>

District management has deemed these amounts to be fully collectible.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

NOTE 8 - CAPITAL ASSETS:

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

	Beginning Balance	Additions	Disposals/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$7,764,601			\$7,764,601
Construction in progress	64,400	\$2,406,908		2,471,308
Total capital assets not being depreciated	7,829,001	2,406,908	-	10,235,909
Capital assets being depreciated:				
Buildings and improvements	84,802,133		22,901	84,825,034
Machinery and equipment	6,789,969	251,071	(716,094)	6,324,946
Total capital assets being depreciated	91,592,102	251,071	(693,193)	91,149,980
Less accumulated depreciation:				
Building and improvements	61,391,829	2,774,684	(3)	64,166,510
Machinery and equipment	6,030,792	189,567	(650,450)	5,569,909
Total accumulated depreciation	67,422,621	2,964,251	(650,453)	69,736,419
Total capital assets being depreciated, net	24,169,481	(2,713,180)	(42,740)	21,413,561
Total capital assets, net	\$31,998,482	(\$306,272)	(\$42,740)	\$31,649,470

Depreciation expense and the loss on disposals were charged to governmental functions as follows:

Instruction	\$2,746,465
General support	99,041
Food service program	71,955
Transportation	89,530
Total depreciation and loss on disposal expense	\$3,006,991

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. It is expected that all interfund payables should be repaid within one year.

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$7,936,170		\$212,902	\$955,554
Special aid fund		\$5,728,599	587,506	
School lunch fund		179,391	57,000	
Debt service fund	73,724			212,902
Capital projects fund		1,005,821	311,048	
Special purpose fund		17,303		
Total government activities	8,009,894	6,931,114	1,168,456	1,168,456
Fiduciary fund		1,078,780		
Totals	\$8,009,894	\$8,009,894	\$1,168,456	\$1,168,456

	Advances To	Advances From
	General fund	\$30,033
Capital projects fund		\$30,033
Totals	\$30,033	\$30,033

The District typically transfers from the general fund to the capital projects fund to finance capital construction projects. The District typically transfers from the general fund to the special aid fund to fund the District's local share of summer school handicap expenses and state supported Section 4201 schools, as required by New York State Law. The District typically transfers from the general fund to the school lunch fund to cover student lunch balances that are negative and deemed uncollectible. The District transfer from the debt service fund to the general fund as per the budget to partially offset debt service payments paid in the general fund.

The advances from the general fund to the capital projects fund represent the amount of the deficit in various District improvements in the capital projects fund, currently a deficit of \$90,033, which is not expected to be repaid in the next fiscal year.

NOTE 10 – SHORT-TERM LIABILITIES:

Transactions in short-term debt for the year are summarized below:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	10/28/2016	1.50%	\$ -	\$ 15,000,000	\$ 15,000,000	\$ -
BAN	4/27/2018	1.59%	-	10,000,000	-	10,000,000
BAN	4/27/2018	2.50%	-	9,090,420	-	9,090,420
Total			\$ -	\$ 34,090,420	\$ 15,000,000	\$ 19,090,420

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

The TAN was issued on July 13, 2016 to finance general fund operations the BANs were issued on April 28, 2017, for interim financing in the capital projects fund.

Interest on short-term debt for the year was comprised of:

	Total
Interest paid	\$65,625
Plus interest accrued in the current year	67,596
Total interest expense on short-term debt	\$133,221

NOTE 11 – LONG-TERM LIABILITIES:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due within one year
Bonds payable					
Construction bonds	\$6,490,000		(\$2,130,000)	\$4,360,000	\$610,000
Tax certiorari bonds	190,000		(95,000)	95,000	95,000
Subtotal - bonds payable	6,680,000	-	(2,225,000)	4,455,000	705,000
Unamortized premium on bonds	121,513		(121,513)	-	
Total bonds payable including premiums	6,801,513	-	(2,346,513)	4,455,000	
Other liabilities					
Energy performance contract debt payable	1,146,804		(912,947)	233,857	233,857
Judgements, claims and settlements payable	169,672	1,000,000	(21,209)	1,148,463	221,209
ERS stabilization program liability	2,693,179	346,546	(206,549)	2,833,176	238,802
Compensated absences payable	697,049		(69,018)	628,031	
Net other post-employment benefits obligation	164,939,748	26,515,835	(12,449,681)	179,005,902	
Net pension liability - proportionate share	8,866,541	16,442,857	(14,251,302)	11,058,096	
Total long-term liabilities	\$185,314,506	\$44,305,238	(\$30,257,219)	\$199,362,525	\$693,868

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, energy performance contract debt payable, judgements, claims and settlements payable, ERS stabilization program liabilities, compensated absences, net other post-employment benefits and net pension liability.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

A) Bonds Payable:

Bonds Payable is comprised of the following:

Description	Issue Date	Original Issue Amount	Final Maturity	Interest Rates	Outstanding at Year End
Various Capital Improvements	2012	\$7,180,000	June 2025	2.75-3%	\$4,360,000
Various Tax Judgments	2013	\$364,873	June 2018	1.50-2%	95,000
					<u>\$4,455,000</u>

The following is a summary of debt service requirements for the bond payable:

Fiscal Year Ended June 30,	Principal	Interest	Total
2018	\$705,000	\$252,650	\$957,650
2019	630,000	215,300	845,300
2020	645,000	180,650	825,650
2021	665,000	145,175	810,175
2022	685,000	108,600	793,600
2023-2025	1,125,000	98,700	1,223,700
	<u>\$4,455,000</u>	<u>\$1,001,075</u>	<u>\$5,456,075</u>

Unissued Debt

On December 6, 2016, voters approved a bond authorization for a total estimated cost not to exceed \$58,019,350 to construct infrastructure and other improvements (including roofs, boilers, windows, air handling units, and other improvements), as well as an authorization for a second bond not to exceed \$1,127,920, for windows and door improvements at Kakiat and Fleetwood Elementary Schools. The District has not issued this debt as of June 30, 2017, leaving authorized but unissued debt in the amount of \$59,147,270.

B) Energy Performance Contract Debt Payable:

Energy performance contract debt payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
2014 Energy performance	11/1/2014	10/1/2017	4.154%	\$ 45,993
2014 Energy performance	11/1/2014	10/1/2017	3.864%	187,864
				<u>\$ 233,857</u>

The following is a summary of debt service requirements for the energy performance contract debt payable:

Fiscal Year Ended June 30,	Principal	Interest	Total
2018	<u>\$233,857</u>	<u>\$2,292</u>	<u>\$236,149</u>

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

C) Long-Term Interest:

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

	Total
Interest paid	\$252,514
Less interest accrued in the prior year	(15,599)
Plus interest accrued in the current year	5,264
Less amortization on premiums on bonds	(121,513)
Plus amortization of deferred charges on refundings	39,207
Total interest expense on long-term debt	\$159,873

NOTE 12 – DEFERRED CHARGES AND PREMIUM ON REFUNDING

The deferred charges and the premium received on the 2011 bond refunding are being amortized on the District Wide Financial Statements over the life of the bond, as a component of interest expense, and noted above. The bond was paid off in the current year, and as such, amortization of these items was completed as well.

NOTE 13 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers’ Retirement System

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

ii) Employees' Retirement System

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

B) Funding Policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
2. New York State Employees' Retirement System
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the District's year end were:

	NYSERS	NYSTRS
2017	\$ 2,529,370	\$ 10,587,899
2016	\$ 2,374,739	\$ 11,621,001
2015	\$ 2,140,192	\$ 14,574,478

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

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
Net pension liability	\$ 4,994,861	\$ 6,063,235
District's portion of the Plan's total net pension liability	0.0531582%	0.566106%
Change in proportion since the prior measurement date	-0.0020841%	0.016068%

For the year ended June 30, 2017, the District recognized pension expense of \$3,141,823 for ERS, and \$9,804,416 for TRS. At June 30, 2017 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

	<u>Deferred Outflow of Resources</u>		<u>Deferred Inflow of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 125,167	\$ -	\$ 758,498	\$ 1,969,679
Net difference between projected and actual earnings on pension plan investments	997,676	13,633,341	-	-
Changes of assumptions	1,706,427	34,540,048	-	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	978,542	161,647	67,853	1,660,000
District's contributions subsequent to the measurement date	741,881	10,587,899	-	-
	<u>\$ 4,549,693</u>	<u>\$ 58,922,935</u>	<u>\$ 826,351</u>	<u>\$ 3,629,679</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2018	\$ 1,226,079	\$ 3,992,358
2019	1,226,079	3,992,358
2020	1,103,269	14,580,387
2021	(573,966)	11,286,143
2022	-	5,054,476
Thereafter	-	5,799,635
	<u>\$ 2,981,461</u>	<u>\$ 44,705,357</u>

Actuarial Assumptions

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2017	June 30, 2016
Actuarial valuation date	April 1, 2016	June 30, 2015
Interest rate	7.0%	7.5%
Salary scale	3.80%	4.72% - 1.90%
Cost of living adjustments	1.3% annually	1.5%, annually
Decrement tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.50%	2.50%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

<u>Valuation Date</u>	<u>ERS</u>		<u>TRS</u>	
	April 1, 2016		June 30, 2015	
	<u>Target</u>	<u>Long-term</u> <u>expected real</u>	<u>Target</u>	<u>Long-term</u> <u>expected real</u>
<u>Asset type</u>	<u>Allocation</u>	<u>rate of return</u>	<u>Allocation</u>	<u>rate of return</u>
Domestic equity	36%	4.55%	37%	6.1%
International equity	14%	6.35%	18%	7.3%
Private equity	10%	7.75%	7%	9.2%
Real estate	10%	5.80%	10%	5.4%
Absolute return strategies	2%	4.00%		
Opportunistic portfolio	3%	5.89%		
Real assets	3%	5.54%		
Bonds and mortgages	17%	1.31%		
Cash	1%	-0.25%		
Inflation-indexed bonds	4%	1.50%		
Domestic fixed income securities			17%	1.0%
Global fixed income securities			2%	0.8%
Mortgages			8%	3.1%
Short-term			1%	0.1%
	<u>100%</u>		<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.50% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.0% for ERS and 7.5% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.0% for ERS and 6.5% for TRS) or 1-percentagepoint higher (8.0% for ERS and 8.5% for TRS) than the current rate:

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension asset (liability)	(\$15,952,596)	(\$4,994,861)	\$4,269,884
TRS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension asset (liability)	(\$79,108,685)	(\$6,063,235)	\$55,203,459

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Valuation date	April 1, 2016	June 30, 2015
Employers' total pension liability	\$ (177,400,586)	\$ (108,577,184)
Plan Net Position	168,004,363	107,506,142
Employers' net pension liability	\$ (9,396,223)	\$ (1,071,042)
Ratio of plan net position to the Employers' total pension asset/(liability)	94.70%	99.01%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$741,881.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November 2017 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$11,211,214.

NOTE 14 – OTHER PENSION OBLIGATIONS –ERS STABILIZATION PROGRAM:

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 District elected to amortize the maximum allowable ERS contributions for the years noted in the table below. The interest rate for contributions amortized for fiscal year 2017 was 2.63%. The following table summarizes transactions during the year related to amounts amortized under this program and included as a long-term liability in the District-Wide Statement of Net Position, as ERS stabilization program liability:

Fiscal Year	Original Amount Amortized	Beginning of Year Balance	Current Year Additions / (Payments)	End of Year Balance	Principal Due Within One Year
2014	\$1,193,538	\$1,029,446	(\$86,703)	\$942,743	\$89,963
2015	759,759	707,728	(53,853)	653,875	55,737
2016	956,005	956,005	(65,993)	890,012	68,211
2017	346,546	-	346,546	346,546	24,891
	<u>\$3,255,848</u>	<u>\$2,693,179</u>	<u>\$139,997</u>	<u>\$2,833,176</u>	<u>\$238,802</u>

NOTE 15 – OTHER RETIREMENT PLANS:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2017, totaled \$31,000 and \$4,246,840 respectively.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

NOTE 16 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

A) Plan Description:

The District primarily provides post-employment health insurance coverage to retired employees, their spouses and their covered dependents in accordance with the provisions of various employment contracts. Medicare Part B benefits are also provided. Benefits are provided through a consortium known as the New York State Health Insurance Program, (the “Plan”). Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. The Plan does not issue a stand alone, publicly available report since there are no assets legally segregated for the sole purpose of paying benefits under the plan. The Plan includes approximately 1,029 retirees and 1,171 active employees.

B) Funding Policy:

The contribution requirements of Plan members and the District are established and may be amended by the District. For fiscal year 2017, the District contributed an estimated \$12,449,681 to the Plan, including \$12,449,681 for current premiums and an additional \$0 to prefund benefits. For retirees, the District pays 85% of the premiums for individual and family coverage. The District does not pay anything towards the premiums for surviving spouses. The District recognizes the cost of their contributions to the healthcare plan annually as an expenditure in the general fund of the fund financial statements as payments are accrued. Currently, there is no provision in the law to permit the District to fund other postemployment benefits by any means other than the “pay as you go” method.

C) Annual OPEB Cost and Net OPEB Obligation:

The District’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No.45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District’s net OPEB obligation to the plan:

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

Annual required contribution	\$ 29,091,757
Interest on net OPEB obligation	6,597,590
Adjustment to Annual Required Contribution	<u>(9,173,512)</u>
Annual OPEB cost (expense)	26,515,835
Contributions made	<u>(12,449,681)</u>
Increase in net OPEB obligation	14,066,154
Net OPEB obligation-beginning of year	<u>164,939,748</u>
Net OPEB obligation-end of year	<u><u>\$ 179,005,902</u></u>

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>OPEB Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2017	\$26,515,835	\$12,449,681	47%	\$179,005,902
June 30, 2016	\$27,735,533	\$9,958,025	36%	\$164,939,748
June 30, 2015	\$27,583,064	\$11,005,640	40%	\$147,162,240

D) Funded Status and Funding Progress:

As of July 1, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$304,227,757 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$304,227,757. The covered payroll (annual payroll of active employees covered by the plan) was \$106,850,586 and the ratio of the UAAL to the covered payroll was 285%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E) Actuarial Methods and Assumptions:

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the Plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Various assumptions are made in deriving OPEB liabilities and related costs. The key actuarial assumptions are discount rate, healthcare trend rates, mortality rates, turnover rates, retirement rates, and disability rates. Additional information is as follows:

In the July 1, 2015 actuarial valuation prepared by an outside actuarial firm, the projected unit credit actuarial cost method was used to value the actuarial accrued liability and normal cost. The actuarial assumptions included a discount rate of 4.0%, an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5% after eight years, as well as a 85% participation rate for retirees, and a 85% of married spouses to continue coverage after death of the retiree. The UAAL is being amortized over an open period of 30 years.

NOTE 17 – JUDGEMENTS, CLAIMS AND SETTLEMENTS PAYABLE:

Judgements, claims and settlements payable of \$1,148,463 is recorded on the District Wide Statement of Net Position, as a long-term liability. This includes \$148,463 for court ordered tax certiorari refunds which are payable, at \$21,209 a year, for the next 7 years. Also included is \$1,000,000 for a settlement agreement with a former contractor, payable at \$200,000 a year, for the next 5 years.

NOTE 18 – RISK MANAGEMENT:

A) General:

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B) Public Entity Risk Pools:

The District and neighboring districts in Rockland County, New York, participate in the Rockland County Schools Cooperative Self-Insurance Plan for Workers' Compensation. 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 District has transferred all related risk to the Plan.

For its health insurance coverage, the District is a participant in the New York State Employees Health Insurance Plan, a public entity risk pool operated for New York State, local government and school district employers and employees. The Plan is considered a self-sustaining risk pool and the District has essentially transferred all risk to the pool.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

NOTE 19 - TAX ABATEMENTS:

The Towns of Ramapo and Clarkstown, under the authority of Section 577 of the Private Housing Finance Law, entered into property tax abatement programs with various housing development fund companies for the purpose of economic development, and general prosperity and economic welfare of the Towns. The District's property tax revenue was reduced by \$1,895,473 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$338,362 for these program during the fiscal year.

The County of Rockland Industrial Development Agency, under the authority of General Municipal Law Section 925-1, entered into a property tax abatement program for the purpose of economic development. The District's property tax revenue was reduced by \$47,413 for this program. The District received PILOT payments totaling \$43,102 for this program during the fiscal year.

NOTE 20 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2017, the District encumbered the following amounts:

General fund	
General support	\$164,139
Instruction	289,066
Transportation	33,775
Employee benefits	118,923
	<u>\$605,903</u>
Special aid fund	
Grant programs services and goods	<u>\$5,147,923</u>
School lunch fund	
Food service program	<u>\$10,200</u>
Capital projects fund	
Capital projects	<u>\$4,276,618</u>

B) Grants:

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT 9

C) Litigation:

The District is involved in various litigation proceedings resulting from the conduct of its affairs. Management cannot estimate monetary amounts associated with the resolution of these cases, nor the likelihood of an unfavorable outcome.

NOTE 21 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the District through the date of this report and concluded the following subsequent events have occurred that would require disclosure in the notes to financial statements:

- On July 13, 2017, the District issued a tax anticipation note (TAN) for \$16,000,000, maturing on October 27, 2017 for interim financing of the general fund operations. The TAN has a stated interest rate of 1.5% resulting in interest expense of \$69,333.

SUPPLEMENTARY INFORMATION

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$149,255,638	\$134,085,281	\$133,580,530	(\$504,751)
Other real property tax items	368,403	15,538,760	15,282,373	(256,387)
Charges for services	2,458,426	2,458,426	2,202,712	(255,714)
Use of money & property	634,696	634,696	554,213	(80,483)
Sale of property and compensation for loss	70,000	70,000	373,868	303,868
Miscellaneous	1,370,000	1,378,750	2,395,039	1,016,289
State Sources				
Basic formula	67,621,005	54,902,216	57,666,350	2,764,134
Tuition aid for students with disabilities	1,573,000	1,573,000	1,602,507	29,507
Lottery aid		7,708,371	7,933,376	225,005
BOCES aid		2,187,797	2,416,164	228,367
Textbook aid		1,898,368	1,898,135	(233)
Computer software/hardware aid		720,565	519,376	(201,189)
Library A/V loan program aid		203,688	149,118	(54,570)
Other state aid		3,000,000	2,020,239	(979,761)
Federal Sources	800,000	800,000	857,609	57,609
Other Financing Sources				
Transfers from other funds	212,902	212,902	212,902	-
TOTAL REVENUES AND OTHER SOURCES	224,364,070	227,372,820	\$229,664,511	\$2,291,691
Appropriated Reserves	735,224	735,224		
TOTAL REVENUES, OTHER SOURCES & APPROPRIATED RESERVES	\$225,099,294	\$228,108,044		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual and Encumbrances</u>
EXPENDITURES					
General Support					
Board of education	\$329,283	\$368,445	\$367,949	\$496	\$ -
Central administration	470,491	482,034	477,445	4,589	-
Finance	1,362,118	1,155,991	1,144,876	11,115	-
Staff	3,578,928	2,768,262	2,687,960	80,302	-
Central services	11,286,673	11,899,843	11,808,999	67,045	23,799
Special items	3,367,224	2,958,775	2,945,755	592	12,428
Instructional					
Instruction, admin. & improvement	6,883,989	7,345,960	6,803,300	161	542,499
Teaching - regular school	49,283,354	53,898,107	52,603,552	114,115	1,180,440
Programs for children with handicap conditions	42,490,771	40,102,433	39,398,725	153,550	550,158
Occupational education	309,973	338,774	338,774		-
Teaching special schools	4,024,866	4,124,960	4,124,732		228
Instructional media	3,297,541	3,271,220	3,249,891	2,508	18,821
Pupil services	12,996,753	12,901,757	12,930,583	18,732	(47,558)
Pupil transportation	30,852,183	33,312,952	33,275,690	33,775	3,487
Community services	77,364	93,217	93,217		-
Employee benefits	50,229,854	48,673,674	48,263,483	118,923	291,268
Debt service - principal	3,129,085	3,137,947	3,137,947		-
Debt service - interest	351,377	318,139	318,139		-
TOTAL EXPENDITURES	<u>224,321,827</u>	<u>227,152,490</u>	<u>223,971,017</u>	<u>605,903</u>	<u>2,575,570</u>
Other Financing Uses					
Transfers to other funds	777,467	955,554	955,554		-
TOTAL EXPENDITURES AND OTHER USES	<u>\$225,099,294</u>	<u>\$228,108,044</u>	<u>224,926,571</u>	<u>\$605,903</u>	<u>\$2,575,570</u>
Net change in fund balances			4,737,940		
Fund balances - beginning of year			5,158,290		
Fund balances - end of year			<u>\$9,896,230</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS (OPEB)
JUNE 30, 2017**

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
July 1, 2015	\$0	\$304,227,757	\$304,227,757	\$0	\$106,850,586	285%
July 1, 2013	\$0	\$340,268,491	\$340,268,491	\$0	\$95,988,079	354%
July 1, 2011	\$0	\$311,878,037	\$311,878,037	\$0	\$109,122,040	286%

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (LIABILITY) / ASSET
FOR THE FISCAL YEARS ENDED JUNE 30, ***

NYSERS Pension Plan			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension (liability)	0.0531582%	0.0552423%	0.0535383%
District's proportionate share of the net pension (liability)	\$ (4,994,861)	\$ (8,866,541)	\$ (1,808,655)
District's covered payroll	\$ 18,293,000	\$ 17,602,487	\$ 17,353,491
District's proportionate share of the net pension (liability) as a percentage of its covered -employee payroll	27.30%	50.37%	10.42%
Plan fiduciary net position as a percentage of the total pension (liability)	94.70%	90.70%	97.90%
NYSTRS Pension Plan			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension (liability) / asset	0.566106%	0.550038%	0.523982%
District's proportionate share of the net pension (liability) / asset	\$ (6,063,235)	\$ 57,131,374	\$ 58,368,315
District's covered payroll	\$ 87,639,522	\$ 83,140,205	\$ 77,824,582
District's proportionate share of the net pension (liability) / asset as a percentage of its covered -employee payroll	6.92%	68.72%	75.00%
Plan fiduciary net position as a percentage of the total pension (liability) / asset	99.01%	110.46%	111.48%

*The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE FISCAL YEARS ENDED JUNE 30,**

NYSERS Pension Plan

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,529,370	\$ 2,374,739	\$ 2,140,192
Contributions in relation to the contractually required contribution	<u>2,529,370</u>	<u>2,374,739</u>	<u>2,140,192</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 17,755,446	\$ 18,049,532	\$ 17,578,101
Contributions as a percentage of covered employee payroll	14.25%	13.16%	12.18%

NYSTRS Pension Plan

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 10,587,899	\$ 11,621,001	\$ 14,574,478
Contributions in relation to the contractually required contribution	<u>10,587,899</u>	<u>11,621,001</u>	<u>14,574,478</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 90,340,434	\$ 87,639,522	\$ 83,140,205
Contributions as a percentage of covered employee payroll	11.72%	13.26%	17.53%

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET -GENERAL FUND
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$224,364,070
Add: Prior year's encumbrances		<u>735,224</u>
Original Budget		225,099,294
Budget revisions:		
Donations	\$8,750	
Special legislative grants	<u>3,000,000</u>	<u>3,008,750</u>
Final Budget		<u><u>\$228,108,044</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2017-18 voter approved expenditure budget		<u>\$231,084,369</u>
Maximum allowed (4% of 2017-2018 budget)		<u><u>\$9,243,375</u></u>
General fund fund balance subject to Section 1318 of Real Property Tax Law		
Assigned fund balance	\$605,903	
Unassigned fund balance	<u>9,158,479</u>	
Total unrestricted fund balance		\$9,764,382
Less:		
Appropriated fund balance	-	
Encumbrances included in assigned fund balance	<u>605,903</u>	
Total adjustments		<u>605,903</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law		<u><u>\$9,158,479</u></u>
Actual percentage		3.96%

EAST RAMAPO CENTRAL SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Project Title	SED Project #	Current Budget	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2017
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Various District Improvements	Multiple	\$ 14,347,900	\$ 14,346,556	\$ -	\$ 14,346,556	\$ 1,344	\$ 7,180,000	\$ 5,823,419	\$ 1,253,104	\$ 14,256,523	\$ (90,033)
Kakiat Elementary School Steps, Curbs and Sidewalk Repairs	1318	128,000	125,440	-	125,440	2,560	-	-	128,000	128,000	2,560
Ramapo HS Roof Project	2219	1,138,566	64,400	1,069,016	1,133,416	5,150	-	839,583	130,000	969,583	(163,833) **
Spring Valley HS Plumbing Upgrades	0319	28,495	-	28,495	28,495	-	-	-	-	-	(28,495)
CRMS Windows	3418	3,333	-	2,333	2,333	1,000	-	-	-	-	(2,333)
CRMS Pipe Break	3419	89,544	-	84,315	84,315	5,229	-	-	89,544	89,544	5,229
Fleetwood Asbestos Abatement	1417	80,651	-	80,651	80,651	-	-	-	80,651	80,651	-
Subtotal Other Projects		15,816,489	14,536,396	1,264,810	15,801,206	15,283	7,180,000	6,663,002	1,681,299	15,524,301	(276,905)
2016 Bond Projects											
Spring Valley HS Roof and Field Bond	0321	2,667,560	-	601,562	601,562	2,065,998	-	-	-	-	(601,562) *
Admin Roof Bond	0513	8,328	-	6,828	6,828	1,500	-	-	-	-	(6,828) *
PMS Roof Bond	0819	189,972	-	152,471	152,471	37,501	-	-	-	-	(152,471) *
Kakiat Window Replacement	1320	75,000	-	52,500	52,500	22,500	-	-	-	-	(52,500) *
Fleetwood Roof Bond	1419	22,872	-	18,372	18,372	4,500	-	-	-	-	(18,372) *
Fleetwood Window Replacement	1420	9,375	-	6,562	6,562	2,813	-	-	-	-	(6,562) *
RHS Field & Boiler Bond	2220	2,430,490	-	245,603	245,603	2,184,887	-	-	-	-	(245,603) *
Elmwood Boiler Replacement	3015	57,750	-	46,200	46,200	11,550	-	-	-	-	(46,200) *
Eldorado Window Replacement	3716	15,000	-	12,000	12,000	3,000	-	-	-	-	(12,000) *
Unallocated 2016 bond		53,670,923	-	-	-	53,670,923	-	-	-	-	-
Subtotal 2016 Bond Projects		59,147,270	-	1,142,098	1,142,098	58,005,172	-	-	-	-	(1,142,098)
Total		\$ 74,963,759	\$ 14,536,396	\$ 2,406,908	\$ 16,943,304	\$ 58,020,455	\$ 7,180,000	\$ 6,663,002	\$ 1,681,299	\$ 15,524,301	\$ (1,419,003)

* Deficit fund balance will be eliminated once permanent financing is obtained.

** Deficit fund balance will be reduced once grant funding of \$160,417 is received from New York State

**EAST RAMAPO CENTRAL SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2017**

Capital assets, net		\$31,649,470
Deduct:		
Bond anticipation note payable	(19,090,420)	
Short-term portion of construction bonds payable	(610,000)	
Long-term portion of construction bonds payable	(3,750,000)	
Short-term portion energy performance contract	(233,857)	
Long-term portion of energy performance contract	-	(23,684,277)
 Net investment in capital assets		 \$7,965,193



INDEPENDENT AUDITOR'S 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*

To the Board of Education
East Ramapo Central School District

We have audited, 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, the financial statements of the governmental activities, each major fund, and the fiduciary funds of East Ramapo Central School District, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the East Ramapo Central School District's basic financial statements, and have issued our report thereon dated October 12, 2017.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 East Ramapo Central 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*.

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.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 12, 2017