

**Briarcliff Manor Union Free
School District, New York**

Financial Statements and
Supplementary Information

Year Ended June 30, 2017

Briarcliff Manor Union Free School District, New York

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Independent Auditors' Report

**The Board of Education of the
Briarcliff Manor Union Free School District, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Briarcliff Manor Union Free School District, New York ("School District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2017, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit for the year ended June 30, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules for the year ended June 30, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2017 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2017.

We also previously 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 basic financial statements of the School District as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated September 27, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the June 30, 2016 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the June 30, 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 28, 2017

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

Independent Auditors' Report

**The Board of Education of the
Briarcliff Manor Union Free School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Briarcliff Manor Union Free School District, New York ("School District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 28, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 28, 2017

Briarcliff Manor Union Free School District, New York

Management's Discussion and Analysis (MD&A) June 30, 2017

Introduction

This discussion and analysis of the Briarcliff Manor Union Free School District, New York ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2017. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2016-17 are as follows:

- According to NYS law, the amount of unassigned fund balance that can be retained by the General Fund is limited to no more than 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,028,279, or 3.94% of the 2017-18 budget of \$51,466,151.
- As of the close of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$7,311,989, an increase of \$2,415,910 from the June 30, 2016 fund balance of \$4,896,079. There was a net increase in total restricted fund balance of \$1,182,068. Funds were added to the Tax Certiorari Reserve based on current requirements and new petitions filed against the School District. Funds were added to the Employee Benefit Accrued Liability Reserve to cover payments due to eligible retiring teachers and administrators for unused sick leave. A Liability Reserve Fund was created to set aside funds to be used for the payment of future liability claims made upon the School District. Funds restricted for debt service were increased as residual amounts from closed-out capital projects will be used to offset principal and interest due on outstanding debt in the 2017-18 school year. There was an increase in total assigned fund balance of \$688,336. The General Fund's unassigned fund balance that is available for spending at the discretion of the School District was \$2,028,279, or approximately 28.71% of its total fund balance.
- The School District's appropriated surplus contribution to reduce the tax levy will increase from \$730,000 in 2016-17 to \$1,427,000 in 2017-18.
- On the district-wide financial statements, the assets and deferred outflows of resources of the School District exceeded liabilities and deferred inflows of resources by \$8,701,317. The School District's total net position decreased by \$1,971,498 for the year ended June 30, 2017. This takes into consideration the continuing recognition of other post employment benefit ("OPEB") obligations, other than pensions under the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45. For the year ending June 30, 2017, the School District's OPEB obligations of \$35,997,520 are reflected as a liability on the district-wide financial statements and impact the total net position calculation.
- This is the third year of implementation of the provisions of GASB Statement No. 68. This pronouncement established new accounting and financial reporting requirements associated with the School District's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State

Teachers' Retirement System ("TRS"). Cost-sharing employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all the municipalities and school districts in the plan. At June 30, 2017, the School District reported in its Statement of Net Position a liability of \$1,245,856 for its proportionate share of the ERS net pension liability, while also reporting a liability of \$1,431,746 for its proportionate share of the TRS net pension liability. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in note 3E in the notes to financial statements.

Overview of the Financial Statements

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

District-Wide Financial Statements

The *district-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

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

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

Fund Financial Statements

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

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

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

Notes to Financial Statements

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

Other Information

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

District-Wide Financial Analysis

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

In the case of the Briarcliff Manor Union Free School District, New York, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,701,317 at the year ending June 30, 2017, as reflected on the chart below.

Net Position

	June 30,	
	2017	2016
Current and Other Assets	\$ 11,069,560	\$ 23,424,878
Capital Assets, net	46,611,621	48,240,789
Total Assets	57,681,181	71,665,667
Deferred Outflows of Resources	15,189,058	5,233,932
Current and Other Liabilities	3,809,544	4,668,197
Long-Term Liabilities	59,593,213	56,400,536
Total Liabilities	63,402,757	61,068,733
Deferred Inflows of Resources	766,165	5,158,051
NET POSITION		
Net Investment in Capital Assets	26,624,649	25,036,595
Liability and Casualty Claims	120,000	-
Debt Service	159,611	3,337
Tax Certiorari	2,655,322	1,951,374
Retirement Contributions	62,691	62,637
School Lunch	7,156	1,254
Special Purposes	81,446	83,379
Capital Projects	-	155,135
Unrestricted	(21,009,558)	(16,620,896)
Total Net Position	\$ 8,701,317	\$ 10,672,815

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

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

restrictions constitute 35% of net position. There is a negative \$21,009,558 of unrestricted net position, which is primarily a result of the recognition of OPEB and Net Pension liabilities.

Changes in Net Position

	June 30,	
	2017	2016
PROGRAM REVENUES		
Charges for Services	\$ 5,127,646	\$ 4,798,962
Operating Grants and Contributions	778,908	755,023
Capital Grants and Contributions	326,587	1,542
Total Program Revenues	6,233,141	5,555,527
General Revenues		
Real Property Taxes	36,683,182	36,128,018
Other Tax Items	3,021,310	3,224,143
Non-Property Taxes	417,659	411,967
Unrestricted Use of Money and Property (Interest and Rental Revenues)	17,247	9,283
Sale of Property and Compensation for Loss	2,876	50,534
Unrestricted State Aid	5,306,163	4,749,017
Miscellaneous	309,679	290,100
Total General Revenues	45,758,116	44,863,062
Total Revenues	51,991,257	50,418,589
PROGRAM EXPENSES		
General Support	7,144,809	7,241,817
Instruction	43,553,178	39,082,857
Pupil Transportation	2,121,815	2,232,970
Interest	644,363	746,971
Cost of Food Sales	496,390	494,993
Other	2,200	2,125
Total Expenses	53,962,755	49,801,733
Change in Net Position	(1,971,498)	616,856
NET POSITION		
Beginning, as reported	10,672,815	10,055,959
Ending	\$ 8,701,317	\$ 10,672,815

Net position decreased by \$1,971,498 year-to-year. Revenues increased by \$1,572,668 in 2016-17. The major changes are as follows:

Revenues

- Unrestricted State Aid increased by \$557,146. The largest fluctuations were in the categories of Basic State Aid and BOCES Aid.
 1. Basic state aid was \$362,751 higher, mostly due to the abolishment of the Gap Elimination Adjustment.
 2. BOCES aid was \$214,384 higher because the School District had more BOCES aidable expenditures in 2015-16 (on which 2016-17 BOCES Aid was based) than in 2014-15 (on which 2015-16 BOCES Aid was based). In addition, the School District's BOCES Aid ratio was higher in 2016-17 than in 2015-16.
- Real property taxes increased by \$555,164. This revenue represents the adopted tax warrant less any STAR revenue received from NYS. These factors contributed to the increase of real property taxes:
 1. The amount of appropriated surplus funds that the School District used to reduce the 2016-17 tax levy was \$408,588 less than the amount set aside for tax reduction in 2015-16.
 2. The 2016-17 budget was \$340,869 more than the 2015-16 budget. This, together with a \$408,588 reduction of appropriated surplus, required an increase of \$749,457 in revenues to finance operations. Budgeted revenue for items other than real property taxes and STAR revenue in 2016-17 was \$397,126 higher than in 2015-16, and the tax levy was increased by \$352,331 to make up the difference.
- Other Tax Items (STAR revenue) decreased by \$202,833. The total STAR reimbursement amount that the District receives from NYS is calculated by both the Town of Mt. Pleasant and the Town of Ossining using a formula determined by NYS, and represents the sum of both towns' municipal-wide total amount of each individual school tax bill to be paid through the STAR program. Any decrease in STAR revenue increases real property taxes by the same amount.
- Charges for Services increased by \$328,684. The main reasons for the increase are as follows:
 1. Enrollment of special education 9th – 12th graders from other districts increased by 4.367 FTE's. The NRT rate decreased while the consortium rate increased. The combined effect of increased enrollment, reduced NRT, and increased consortium tuition rates resulted in \$398,910 more in special education tuition revenue.
 2. Enrollment of regular education 9th – 12th graders from Pocantico CSD increased by .058 FTE's. In addition, the NRT rate increased by \$1,764 per student. The combined effect of increased enrollment and a higher NRT tuition rate resulted in \$158,546 more in regular education tuition revenue.
 3. Regular and special education prior year NRT rate adjustment revenue from other districts decreased by \$228,229.
 4. Enrollment of regular education K-12th grade non-resident parentally-placed students decreased by .381 FTE's. In addition, the NRT rate increased. The combined effect of decreased enrollment and a higher NRT tuition rate resulted in \$6,585 less in regular education tuition revenue.
 5. Regular prior year NRT rate adjustment revenue from non-resident parentally-placed students increased by \$2,604.

- Capital Grants and Contributions increased by \$325,045, mainly due to the receipt of \$325,448 in proceeds from the Smart Schools Bond Act, passed by NYS voters in the 2014 General Election. The funds were used to purchase SMART Board interactive displays.

Expenses increased by \$4,161,022 in 2016-17. The major changes are as follows:

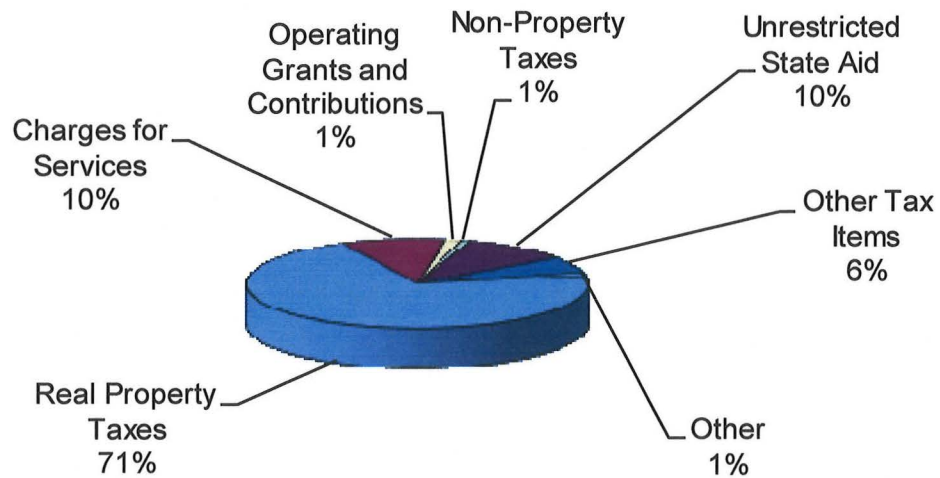
Expenses

- Instruction expenses increased by \$4,470,321, mainly due to GASB Statement No. 34 District-wide accruals. These obligations do not require the use of current financial resources and are not reported as expenses in the governmental funds.
 1. The net increase to expenses resulting from the TRS pension liability accrual was \$3,628,987.
 2. The net change resulting from the OPEB (Other Post Employment Benefit Obligations) accrual allocated to Instruction was \$534,634. These expenses are based on an actuarial estimate of the cost to provide future medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents. Amounts are calculated using actuarial valuations and are based on the OPEB benefits and the pattern of cost sharing between the School District and plan members in effect at the time of each valuation. An interim valuation was performed for 2016-17. These amounts are subject to continual revision.
 3. Capital outlay expenditures allocated to Instruction increased by \$345,673.
- Pupil Transportation expenses decreased by \$111,155, as there were reduced half-day bus runs, no In-District Monitors, and less students attending Out-of-District schools.
- General Support expenses decreased by \$97,008, primarily because of a reduction in tax certiorari expenses. Tax certiorari refunds vary from year to year and are dependent upon how quickly the cases proceed through the court system.
- Interest expenses decreased by \$102,608 with the paying down of outstanding bond principal.

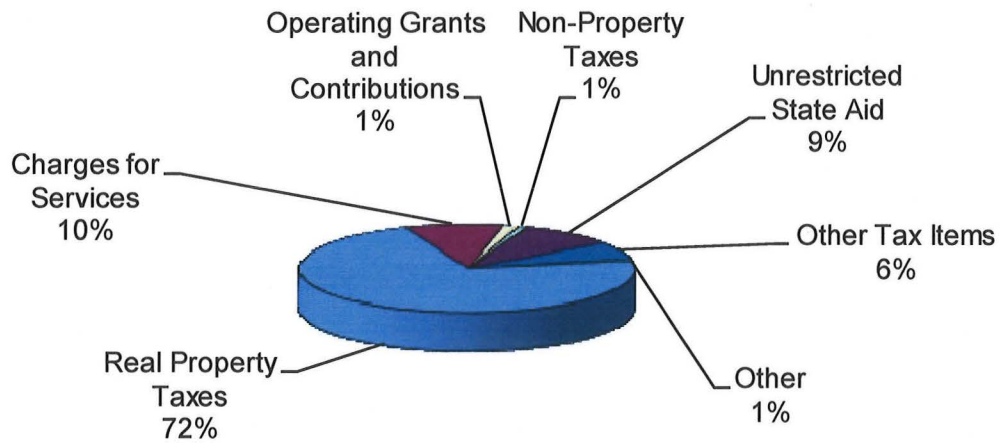
As indicated on the charts that follow, the School District relies upon real property taxes as its primary revenue source.

The School District's instruction costs account for 81% of its expenses.

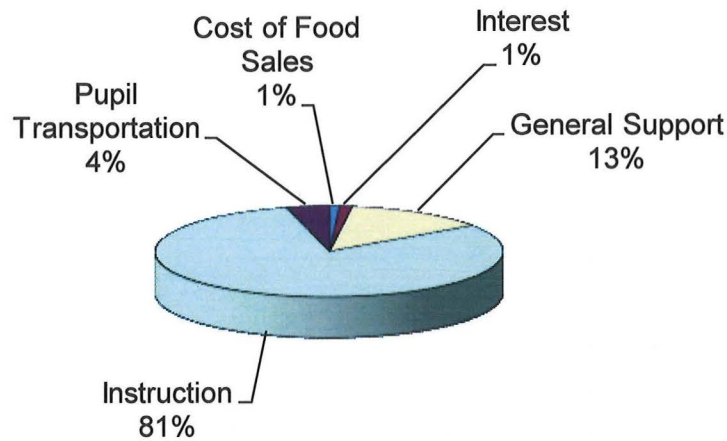
Sources of Revenue for Fiscal Year 2017 Governmental Activities



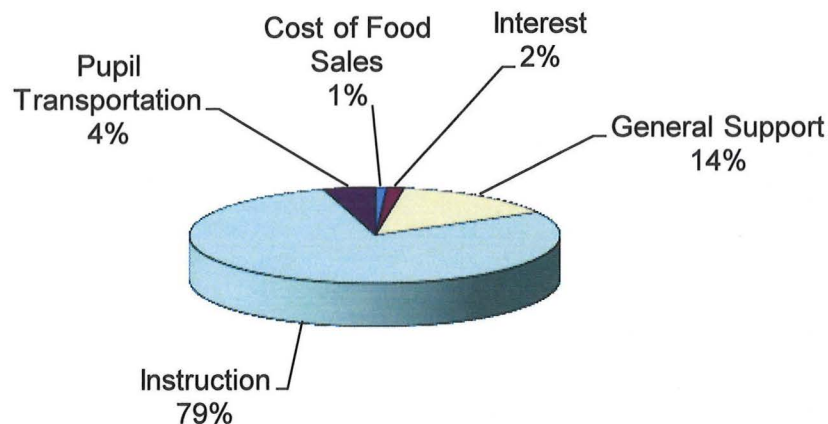
Sources of Revenue for Fiscal Year 2016 Governmental Activities



Expenses for Fiscal Year 2017 Governmental Activities



Expenses for Fiscal Year 2016 Governmental Activities



Financial Analysis of the School District's Funds

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

Fund Balance Reporting

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements beginning with the period ending June 30, 2011.

In the fund financial statements, GASB Statement No. 54 distinguishes fund balance classifications based on the relative strength of the constraints that control the purposes for which specific amounts in those funds can be spent. Beginning with the most binding constraints, the fund balance classifications are as follows:

- Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.
- Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

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

- Assigned – consists of amounts that are constrained either by the Board of Education for amounts assigned for balancing the subsequent year's budget or the Assistant Superintendent for Finance & Operations for amounts assigned for encumbrances. Encumbrances outstanding at year end are reported as assigned balance since they do not constitute expenditures or liabilities. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.
- Unassigned – represents amounts not classified as nonspendable, restricted, committed or assigned, and could be a surplus or deficit. The General Fund is the only fund that could report a positive amount in unassigned fund balance. For governmental funds other than the General Fund, the unassigned fund balance should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

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

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a School District's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the

School District itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the Board of Education.

As of the end of the current fiscal year, the School District's governmental funds reported a combined fund balance of \$7,311,989, an increase of \$2,415,910 from the combined fund balance of the prior year. Of this amount, \$3,507,082 is restricted for specific purposes, \$1,776,628 is assigned for intended use (this amount is inclusive of \$1,427,000 that will be used to offset the tax levy for the 2017-18 year and represents the amount estimated for use in the 2017-18 General Fund budget), and \$2,028,279 is unassigned and equal to 3.94% of the 2017-18 budget of \$51,466,151.

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$7,063,776. Of this total, \$3,266,025 is restricted for specific purposes and represents the School District's reserves. The funds include a reserve for tax certioraris of \$2,655,322, an employee benefit accrued liability reserve of \$428,012, a reserve for liability and casualty claims of \$120,000, and a reserve for future retirement contributions of \$62,691. In addition, \$1,769,472 is assigned for intended use and includes \$1,427,000 to be used for tax reduction in the 2017-18 school year. The balance of \$2,028,279 is unassigned.

Overall, the School District General Fund realized a net budgetary surplus of \$2,599,569, inclusive of encumbrances, at June 30, 2017. Revenues and other financing sources were \$920,441 higher than budgeted amounts. Savings of \$1,679,128 were derived on the expenditure side of the budget. The major variances are as follows:

Revenues

- Actual revenue for Charges for Services were \$552,024 higher than budgeted, as enrollment of special education 9th – 12th graders from other districts was 5.5 FTE's higher than projected.
- Actual revenue for State Aid was \$180,953 higher than budgeted. The budget was developed using aid projections provided by the State in the spring of 2016. Actual revenue received varied from the initial projections provided by the State. The largest fluctuations were in these aid categories:
 1. BOCES aid received was higher than projected, resulting in a \$144,441 budget surplus.
 2. Basic state aid received was higher than projected, resulting in a \$60,123 budget surplus.
 3. Excess Cost aid received was lower than projected, resulting in a \$21,981 budget deficit.
- Actual Miscellaneous revenue was \$157,679 higher than budgeted. The largest budget surpluses occurred in the following revenue line items:
 1. Revenue for Refund of Prior Year's Expense – BOCES was \$66,274 higher than budgeted. BOCES projects annual service costs for the programs it provides and bills the School District accordingly. Refunds are issued by BOCES in the following year if actual costs are less than projected.
 2. Revenue for Refund of Prior Year's Expense – Other was \$54,509 higher than budgeted. Most of the budgetary surplus was the result of the release of a backlog of NYS payments for prior years of Summer School expenses.
 3. Revenue for E-rate reimbursement was \$32,954 higher than predicted.

Expenses

- Special education expenses were \$524,064 less than estimated, mainly in the areas of consultations, instructional salaries, and tuition. More consultations were done in-house and fewer students required consultations. Instructional salaries were lower than forecast because certain positions were not filled at the start of the year or remained unfilled throughout the year.
- Employee benefits costs were \$325,946 less than budgeted. This surplus resulted from lower than projected costs due to a combination of fewer employees receiving benefits as certain positions remained unfilled, and health insurance coverage changes.
- Regular education expenses were \$218,894 lower than projected, mostly because certain positions were not filled at the start of the year or remained unfilled throughout the year, and not as many substitutes were required as expected.
- Facilities costs were \$174,767 lower than budgeted. Roughly half of the savings came from lower utility expenses due to a mild winter, and the other half from lower than expected Operations/Maintenance contractual and supply expenses.
- Pupil services expenses were lower than expected as a non-instructional position remained unfilled, and contractual and supplies spending was lower than predicted.
- Transportation expenses were \$103,024 less than anticipated. Less parentally-placed students attended private schools than expected, and summer and athletic transportation costs were less than estimated.
- Instruction, Administration and Improvement expenses were less than anticipated as planned curriculum writing for the computer science and math departments was postponed and will take place in the 2017-18 school year. In addition, lower than expected contractual and supplies expenses resulted in a budget surplus of \$53,778.
- The remaining expenditure savings occurred as a result of lower than anticipated administrative support costs, instructional costs, and savings realized by curtailing discretionary spending in all functional areas.

The School District's General Fund balance increased by \$1,810,802, the amount that revenues and other financing sources exceeded expenses and other financing uses.

General Fund Budgetary Highlights

The adopted budget of \$50,335,869 was increased by \$401,239 to arrive at the final budget of \$50,737,108 as follows:

Adopted budget	\$ 50,335,869
Prior year encumbrances	<u>357,038</u>
	50,692,907
Accrued employee benefits due upon termination of certain employees' service during the 2016-17 school year funded by the Employee Benefit Accrued Liability Reserve (EBALR)	<u>43,470</u>
Tax certiorari judgments funded by the Tax Certiorari Reserve	<u>731</u>
	<u>44,201</u>
Final Budget	<u>\$ 50,737,108</u>

Capital Projects Fund – Project-Length Schedule

The difference between Unexpended Balance and Fund Balance at June 30, 2017 in the Project-Length Schedule represents bonds which had been authorized, but were unexpended, for the following projects:

1. \$981,490
 - a. Practice Field Project at the Briarcliff Middle/High School campus
 - b. Asbestos Removal Project in the Todd Elementary School crawl space
 - c. Smart Schools Bond Act – passed by NYS voters in the 2014 General Election

Capital Assets

At June 30, 2017, the School District had capital assets of \$46,611,621, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment, vehicles and construction-in-progress. The change in capital assets, net of accumulated depreciation, is delineated below.

Class	June 30,	
	2017	2016
Land	\$ 318,215	\$ 318,215
Buildings and Improvements	45,191,547	46,345,078
Machinery and Equipment	1,101,859	1,077,496
Construction-in-Progress	-	500,000
Total Capital Assets, net of accumulated depreciation	<u>\$ 46,611,621</u>	<u>\$ 48,240,789</u>

The change in capital assets during the current fiscal year results primarily from the depreciation expense recorded in 2016-17. Depreciation expense exceeded the capital outlay for new capital assets by \$1,629,168.

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

Long-Term Debt

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

	June 30,	
	2017	2016
Bonds Payable	\$ 20,339,811	\$ 23,060,573
Compensated Absences	578,280	503,835
Net Pension Liability	2,677,602	2,023,533
Pollution Remediation Obligations	-	13,000
Other Post Employment Benefit Obligations (OPEB)	<u>35,997,520</u>	<u>30,799,595</u>
Total	<u>\$ 59,593,213</u>	<u>\$ 56,400,536</u>

OPEB represents an actuarial estimate of the cost to provide future medical and prescription drug insurance benefits for retirees, spouses, and their covered dependents. The School District's net OPEB obligation increased by \$5,197,925 in 2016-17. The increase is equal to the difference between what the School District would have to contribute yearly (annual OPEB cost) in order to fund this liability over time and the School District's actual annual contribution towards current retiree health insurance expenses.

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

Conclusion

Financial Discussion

In spite of the uncertain economic times, additional State Education Department mandates, and ambitious educational goals, the School District is prepared to meet future challenges. Effective internal controls are in place in the Business Office, as is a prudent budget process, which yields a spending plan each year that is approved by the School Board and resident voters.

The School District's total fund balance within the General Fund was \$7,063,776 for the year ended June 30, 2017. The School District has an unassigned fund balance in the General Fund of \$2,028,279. It has an additional \$3,266,025 in restricted fund balance, and \$1,769,472 as assigned fund balance for use in the 2017-18 budget.

Budget

The School District heavily depends on its real property taxes, which represent approximately 72.6% of its General Fund revenue, exclusive of STAR funds. Mindful of this burden on its taxpayers, the School District adopted a proposed budget for the 2017-18 fiscal year with a projected tax levy increase of 1.61%, below the tax levy increase limit of 1.62%.

The challenge of presenting a fiscally responsible budget while meeting the needs of students and governmental mandates will continue to require effective and efficient management of School District operations now and in future years.

Requests for Information

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

Briarcliff Manor Union Free School District
Attention: Linda Peters
Asst. Superintendent for Finance & Operations
45 Ingham Road
Briarcliff Manor, New York 10510
Or visit our Website at www.briarcliffschools.org

Briarcliff Manor Union Free School District, New York**Statement of Net Position**

June 30, 2017

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 8,458,421
Receivables	
Accounts	37,258
State and Federal aid	302,194
Due from other governments	2,271,687
Capital assets	
Not being depreciated	318,215
Being depreciated, net	46,293,406
Total Assets	57,681,181
DEFERRED OUTFLOWS OF RESOURCES	15,189,058
LIABILITIES	
Accounts payable	983,318
Accrued liabilities	69,177
Bond interest and matured bonds payable	5,019
Due to other governments	53,430
Due to retirement systems	2,617,431
Unearned revenues	29,196
Accrued interest payable	51,973
Non-current liabilities	
Due within one year	3,255,000
Due in more than one year	56,338,213
Total Liabilities	63,402,757
DEFERRED INFLOWS OF RESOURCES	766,165
NET POSITION	
Net investment in capital assets	26,624,649
Restricted	
Liability and casualty claims	120,000
Debt service	159,611
Tax certiorari	2,655,322
Retirement contributions	62,691
School lunch	7,156
Special purposes	81,446
Unrestricted	(21,009,558)
Total Net Position	\$ 8,701,317

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

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Briarcliff Manor Union Free School District, New York

Statement of Activities
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	Capital Grants and Contributions	
Governmental activities					
General support	\$ 7,144,809	\$ 45,025	\$ 1,978	\$ -	\$ (7,097,806)
Instruction	43,553,178	4,594,025	776,663	325,448	(37,857,042)
Pupil transportation	2,121,815	550	-	-	(2,121,265)
Cost of food sales	496,390	488,046	-	-	(8,344)
Other	2,200	-	267	-	(1,933)
Interest	644,363	-	-	1,139	(643,224)
Total Governmental Activities	<u>\$ 53,962,755</u>	<u>\$ 5,127,646</u>	<u>\$ 778,908</u>	<u>\$ 326,587</u>	<u>(47,729,614)</u>
General revenues					
Real property taxes					36,683,182
Other tax items					
School tax relief reimbursement					3,021,310
Non-property taxes					
Non-property tax distribution from County					417,659
Unrestricted use of money and property					17,247
Sale of property and compensation for loss					2,876
Unrestricted State aid					5,306,163
Miscellaneous					309,679
Total General Revenues					<u>45,758,116</u>
Change in Net Position					(1,971,498)
Net Position - Beginning					<u>10,672,815</u>
Net Position - Ending					<u>\$ 8,701,317</u>

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

Briarcliff Manor Union Free School District, New York

Balance Sheet
Governmental Funds
June 30, 2017

	General	Capital Projects
ASSETS		
Cash and equivalents	\$ 7,852,579	\$ 452,189
Receivables		
Accounts	24,521	-
State and Federal aid	103,311	-
Due from other governments	2,271,687	-
Due from other funds	804,280	330,325
Total Assets	<u>\$ 11,056,378</u>	<u>\$ 782,514</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 921,779	\$ 15,874
Accrued liabilities	69,177	-
Bond interest and matured bonds payable	-	-
Due to other funds	330,325	766,640
Due to other governments	53,430	-
Due to retirement systems	2,617,431	-
Unearned revenues	460	-
Total Liabilities	<u>3,992,602</u>	<u>782,514</u>
Fund balances		
Restricted	3,266,025	-
Assigned	1,769,472	-
Unassigned	2,028,279	-
Total Fund Balances	<u>7,063,776</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 11,056,378</u>	<u>\$ 782,514</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 153,653	\$ 8,458,421
12,737	37,258
198,883	302,194
-	2,271,687
161,315	1,295,920
<u>\$ 526,588</u>	<u>\$ 12,365,480</u>

\$ 45,665	\$ 983,318
-	69,177
5,019	5,019
198,955	1,295,920
-	53,430
-	2,617,431
28,736	29,196
<u>278,375</u>	<u>5,053,491</u>

241,057	3,507,082
7,156	1,776,628
-	2,028,279
<u>248,213</u>	<u>7,311,989</u>
<u>\$ 526,588</u>	<u>\$ 12,365,480</u>

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Briarcliff Manor Union Free School District, New YorkReconciliation of Governmental Funds Balance Sheet to
the District-Wide Statement of Net Position
June 30, 2017

Fund Balances - Total Governmental Funds	\$ 7,311,989
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	46,611,621
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	352,839
Deferred amounts on net pension assets (liabilities)	14,070,054
	14,422,893
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(51,973)
Bonds payable	(20,339,811)
Compensated absences	(578,280)
Net pension liability	(2,677,602)
Other post employment benefit obligations payable	(35,997,520)
	(59,645,186)
Net Position of Governmental Activities	\$ 8,701,317

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

Briarcliff Manor Union Free School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017

	General	Capital Projects
REVENUES		
Real property taxes	\$ 36,683,182	\$ -
Other tax items	3,021,310	-
Non-property taxes	417,659	-
Charges for services	4,594,575	-
Use of money and property	64,250	-
Sale of property and compensation for loss	2,876	-
State aid	5,432,779	325,448
Federal aid	-	-
Food sales	-	-
Miscellaneous	309,679	-
Total Revenues	50,526,310	325,448
EXPENDITURES		
Current		
General support	5,921,822	-
Instruction	27,380,110	-
Pupil transportation	2,098,298	-
Employee benefits	9,116,034	-
Cost of food sales	-	-
Other	-	-
Debt service		
Principal	3,030,000	-
Interest	821,722	-
Capital outlay	-	625,448
Total Expenditures	48,367,986	625,448
Excess (Deficiency) of Revenues Over Expenditures	2,158,324	(300,000)
OTHER FINANCING SOURCES (USES)		
Bond issued	-	575,000
Transfers in	-	325,000
Transfers out	(347,522)	(155,135)
Total Other Financing Sources (Uses)	(347,522)	744,865
Net Change in Fund Balances	1,810,802	444,865
FUND BALANCES (DEFICITS)		
Beginning of Year	5,252,974	(444,865)
End of Year	\$ 7,063,776	\$ -

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 36,683,182
-	3,021,310
-	417,659
-	4,594,575
1,406	65,656
-	2,876
90,087	5,848,314
410,653	410,653
488,046	488,046
149,307	458,986
1,139,499	51,991,257
-	5,921,822
672,569	28,052,679
-	2,098,298
-	9,116,034
482,144	482,144
2,200	2,200
-	3,030,000
-	821,722
-	625,448
1,156,913	50,150,347
(17,414)	1,840,910
-	575,000
177,657	502,657
-	(502,657)
177,657	575,000
160,243	2,415,910
87,970	4,896,079
\$ 248,213	\$ 7,311,989

Briarcliff Manor Union Free School District, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2017

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

Net Change in Fund Balances - Total Governmental Funds	\$ 2,415,910
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since capital outlay includes amounts under the capitalization threshold.	
Capital outlay expenditures	344,477
Depreciation expense	(1,973,645)
	<u>(1,629,168)</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized on the statement of activities.	
Bonds issued	(575,000)
Principal paid on serial bonds	3,030,000
Amortization of loss on refunding bonds and issuance premium	162,222
	<u>2,617,222</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	15,137
Compensated absences	(74,445)
Pollution remediation	13,000
Pension liabilities	(131,229)
Other post employment benefit obligations	(5,197,925)
	<u>(5,375,462)</u>
Change in Net Position of Governmental Activities	\$ <u>(1,971,498)</u>

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

Briarcliff Manor Union Free School District, New York

Statement of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual

General Fund

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 39,704,492	\$ 36,683,182	\$ 36,683,182	\$ -
Other tax items	-	3,021,310	3,021,310	-
Non-property taxes	400,000	400,000	417,659	17,659
Charges for services	4,042,551	4,042,551	4,594,575	552,024
Use of money and property	55,000	55,000	64,250	9,250
Sale of property and compensation for loss	-	-	2,876	2,876
State aid	5,251,826	5,251,826	5,432,779	180,953
Miscellaneous	152,000	152,000	309,679	157,679
Total Revenues	49,605,869	49,605,869	50,526,310	920,441
EXPENDITURES				
Current				
General support	6,541,975	6,422,743	5,921,822	500,921
Instruction	27,696,454	28,455,940	27,380,110	1,075,830
Pupil transportation	2,195,822	2,201,322	2,098,298	103,024
Employee benefits	10,046,055	9,441,980	9,116,034	325,946
Debt service				
Principal	3,030,000	3,030,000	3,030,000	-
Interest	837,601	837,601	821,722	15,879
Total Expenditures	50,347,907	50,389,586	48,367,986	2,021,600
Excess (Deficiency) of Revenues Over Expenditures	(742,038)	(783,717)	2,158,324	2,942,041
OTHER FINANCING USES				
Transfers out	(345,000)	(347,522)	(347,522)	-
Net Change in Fund Balance	(1,087,038)	(1,131,239)	1,810,802	2,942,041
FUND BALANCE				
Beginning of Year	1,087,038	1,131,239	5,252,974	4,121,735
End of Year	\$ -	\$ -	\$ 7,063,776	\$ 7,063,776

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

Briarcliff Manor Union Free School District, New York

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2017

	<u>Agency Fund</u>
ASSETS	
Cash and equivalents	<u>\$ 174,986</u>
LIABILITIES	
Escrow deposits	\$ 69,254
Student activity funds	<u>105,732</u>
 Total Liabilities	 <u>\$ 174,986</u>

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

Note 1 - Summary of Significant Accounting Policies

The Briarcliff Manor Union Free School District, New York ("School District"), as presently constituted, was established in 1909 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

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

A. Financial Reporting Entity

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

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

The School District participates in the Putnam-Northern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating districts' governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined by Education Law. Copies of BOCES' financial statements can be requested from Putnam-Northern Westchester BOCES, 200 BOCES Drive, Yorktown Heights, New York 10598.

B. District-Wide Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

C. Fund Financial Statements

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

Fund Categories

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The non-major special revenue funds of the School District are as follows:

Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal, State or local funds.

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Cash and Equivalents, Investments and Risk Disclosure

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

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit of at least 102% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the School District's policy provides for no credit risk on investments.

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other

Note 1 - Summary of Significant Accounting Policies (Continued)

than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2017.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy does not limit the amount on deposit at each of its banking institutions.

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

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

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2017, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$25 for student fees and \$435 for a local grant received in advance in the General Fund, \$1,459 in the Special Aid Fund for State, Federal and local grants received in advance and \$27,277 for prepaid meal cards in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

The School District reported deferred outflows of resources of \$352,839 for a deferred loss on refunding bonds in the government-wide Statement of Net Position. This amount results from the difference in the carrying amount of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General and Special Aid funds. Encumbrances outstanding at year-end are generally reported as assigned balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 28, 2017.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters

Note 2 - Stewardship, Compliance and Accountability (Continued)

for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.

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

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

B. Limitation on Fund Balance

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

C. Property Tax Limitation

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

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

Note 2 - Stewardship, Compliance and Accountability (Continued)

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

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The balances reflected as due from/to other funds at June 30, 2017 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 804,280	\$ 330,325
Capital Projects	330,325	766,640
Non-Major Governmental	161,315	198,955
	<u>\$ 1,295,920</u>	<u>\$ 1,295,920</u>

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

B. Capital Assets

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

<u>Class</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Capital Assets, not being depreciated				
Land	\$ 318,215	\$ -	\$ -	\$ 318,215
Construction-in-progress	500,000	-	500,000	-
Total Capital Assets, not being depreciated	<u>\$ 818,215</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 318,215</u>
Capital Assets, being depreciated				
Buildings and Improvements	\$ 70,033,301	\$ 741,384	\$ -	\$ 70,774,685
Machinery and Equipment	2,217,980	103,093	-	2,321,073
Total Capital Assets, being depreciated	<u>72,251,281</u>	<u>844,477</u>	<u>-</u>	<u>73,095,758</u>

Briarcliff Manor Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Less Accumulated Depreciation for				
Buildings and Improvements	\$ 23,688,223	\$ 1,894,915	\$ -	\$ 25,583,138
Machinery and Equipment	<u>1,140,484</u>	<u>78,730</u>	<u>-</u>	<u>1,219,214</u>
Total Accumulated Depreciation	<u>24,828,707</u>	<u>1,973,645</u>	<u>-</u>	<u>26,802,352</u>
Total Capital Assets, being depreciated, net	<u>\$ 47,422,574</u>	<u>\$ (1,129,168)</u>	<u>\$ -</u>	<u>\$ 46,293,406</u>
Capital Assets, net	<u>\$ 48,240,789</u>	<u>\$ (1,129,168)</u>	<u>\$ 500,000</u>	<u>\$ 46,611,621</u>

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

General Support	\$ 10,799
Instruction	1,948,600
Cost of Food Sales	<u>14,246</u>
Total Depreciation Expense	<u>\$ 1,973,645</u>

C. Accrued Liabilities

Accrued liabilities at June 30, 2017 were as follows:

	<u>General</u>
Payroll and employee benefits	<u>\$ 69,177</u>

D. Short-Term Capital Borrowings

Purpose	Year of Original Issue	Balance July 1, 2016	Redemptions	Balance June 30, 2017
Facilities Improvements	2015	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ -</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$5,325 were recorded in the fund financial statements in the General Fund. Interest expense of \$222 was recorded in the district-wide financial statements.

Briarcliff Manor Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)**E. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2017:

	Balance July 1, 2016	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2017	Due Within One-Year
Bonds Payable	\$ 21,905,000	\$ 575,000	\$ 3,030,000	\$ 19,450,000	\$ 3,195,000
Plus					
Unamortized premium on bonds	1,155,573	-	265,762	889,811	-
	<u>23,060,573</u>	<u>575,000</u>	<u>3,295,762</u>	<u>20,339,811</u>	<u>3,195,000</u>
Other Non-current Liabilities					
Compensated Absences	503,835	124,445	50,000	578,280	60,000
Net Pension Liability	2,023,533	654,069	-	2,677,602	-
Pollution Remediation Obligations	13,000	-	13,000	-	-
Other Post Employment Benefit Obligations	30,799,595	6,918,959	1,721,034	35,997,520	-
	<u>33,339,963</u>	<u>7,697,473</u>	<u>1,784,034</u>	<u>39,253,402</u>	<u>60,000</u>
	<u>\$ 56,400,536</u>	<u>\$ 8,272,473</u>	<u>\$ 5,079,796</u>	<u>\$ 59,593,213</u>	<u>\$ 3,255,000</u>

The liabilities for bonds, compensated absences, net pension liability, pollution remediation obligations and other post employment benefit obligations are liquidated by the General Fund.

Bonds Payable

Bonds payable at June 30, 2017 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2017
Refunding Bonds	2011	\$ 10,115,000	June, 2020	4.00 - 5.000 %	\$ 3,830,000
Refunding Bonds	2011	10,650,000	November, 2020	5.000	5,345,000
BOCES Project	2015	450,000	June, 2023	2.25 - 2.875	345,000
Serial Bonds	2016	10,375,000	June, 2030	2.50 - 3.000	9,385,000
Serial Bonds	2017	575,000	June, 2025	1.75 - 2.000	545,000
					<u>\$ 19,450,000</u>

Interest expenditures of \$816,397 were recorded in the fund financial statements in the General Fund. Interest expense of \$644,141 was recorded in the district-wide financial statements.

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

The annual requirements to amortize all outstanding bonded debt as of June 30, 2017 including interest payments of \$2,914,025 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 3,195,000	\$ 681,975
2019	3,330,000	551,887
2020	3,485,000	403,125
2021	2,240,000	253,688
2022	820,000	198,175
2023-2027	4,010,000	685,375
2028-2030	2,370,000	139,800
	<u>\$ 19,450,000</u>	<u>\$ 2,914,025</u>

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

Compensated Absences

Pursuant to collective bargaining agreements, the School District is required to compensate retiring employees for accumulated sick leave. The School District's obligation for accumulated sick leave is dependent upon the terms of the respective bargaining agreement. Vacation time is generally taken in the year earned. The value of the compensated absences has been reflected in the district-wide financial statements.

Pension Plans*Employees' Retirement System*

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

Note 3 - Detailed Notes on All Funds (Continued)

obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2017 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
1 75I 41J	21.7 %
4 A15 41J SCHSV	16.1
5 A15 41J SCHSV	13.2
6 A15 41J1 SCHSV	9.4
6 A15 41J2 SCHSV	9.4

At June 30, 2017, the School District reported a liability of \$1,245,856 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At March 31, 2017, the School District's proportion was .0132591%, which was an increase of .0006516% from its proportion measured as of March 31, 2016.

For the year ended June 30, 2017, the School District recognized pension expense in the district-wide financial statements of \$745,981. Pension expenditures of \$584,233 were recorded in the fund financial statements and were charged to the General Fund. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 31,220	\$ 189,190
Changes of assumptions	425,630	-
Net difference between projected and actual earnings on pension plan investments	248,848	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	130,970	13,099
School District contributions subsequent to the measurement date	130,906	-
	<u>\$ 967,574</u>	<u>\$ 202,289</u>

Note 3 - Detailed Notes on All Funds (Continued)

\$130,906 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

Year Ended March 31,	
2018	\$ 268,142
2019	268,142
2020	243,949
2021	(145,854)

The total pension liability for the March 31, 2017 measurement date was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. Significant actuarial assumptions used in the April 1, 2016 valuation were as follows:

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

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

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

Note 3 - Detailed Notes on All Funds (Continued)

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36 %	4.55 %
International Equity	14	6.35
Private Equity	10	7.75
Real Estate	10	5.80
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
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%.

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

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

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 3,979,017</u>	<u>\$ 1,245,856</u>	<u>\$ (1,065,027)</u>

The components of the collective net pension liability of ERS as of the March 31, 2017 measurement date were as follows:

Total pension liability	\$ 177,400,586,000
ERS fiduciary net position	<u>168,004,363,000</u>
Employers' net pension liability	<u>\$ 9,396,223,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>94.7%</u>

Note 3 - Detailed Notes on All Funds (Continued)

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 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 employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2017 were \$130,906.

Teachers' Retirement System

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

The TRS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rate for the plan's year ending in 2017 was 11.72%.

At June 30, 2017, the School District reported a liability of \$1,431,746 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2016, the School District's proportion was .133678%, which was a decrease of .000412% from its proportion measured at June 30, 2015.

For the year ended June 30, 2017, the School District recognized pension expense in the district-wide financial statements of \$2,369,054. Pension expenditures of \$2,399,573 were recorded in the fund financial statements and were charged to the General Fund. At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

Briarcliff Manor Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 465,111
Changes of assumptions	8,156,138	-
Net difference between projected and actual earnings on pension plan investments	3,219,318	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	93,913	98,765
School District contributions subsequent to the measurement date	2,399,276	-
	<u>\$ 13,868,645</u>	<u>\$ 563,876</u>

\$2,399,276 reported as deferred outflows of resources related to TRS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

Year Ended June 30,	
2017	\$ 996,870
2018	996,870
2019	3,497,081
2020	2,719,193
2021	1,247,674
Thereafter	1,447,805

The total pension liability for the June 30, 2016 measurement date was determined by using an actuarial valuation as of June 30, 2015, with update procedures used to roll forward the total pension liability to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation	2.5%										
Projected salary increases	Rates of increase differ based on service. They have been calculated based upon recent TRS member experience.										
	<table> <tr> <th style="text-align: center;">Service</th><th style="text-align: center;">Rate</th></tr> <tr> <td style="text-align: center;">5</td><td style="text-align: center;">4.72 %</td></tr> <tr> <td style="text-align: center;">15</td><td style="text-align: center;">3.46</td></tr> <tr> <td style="text-align: center;">25</td><td style="text-align: center;">2.37</td></tr> <tr> <td style="text-align: center;">35</td><td style="text-align: center;">1.90</td></tr> </table>	Service	Rate	5	4.72 %	15	3.46	25	2.37	35	1.90
Service	Rate										
5	4.72 %										
15	3.46										
25	2.37										
35	1.90										
Projected COLAs	1.5% compounded annually										
Investment rate of return	7.5% compounded annually, net of pension plan investment expense, including inflation										

Note 3 - Detailed Notes on All Funds (Continued)

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation date of June 30, 2015 is summarized in the following table:

Asset Class:	Target Allocation	Long-Term Expected Real Rate of Return*
Equities:		
Domestic equities	37 %	6.10 %
International equities	18	7.30
Real estate	10	5.40
Private equities	7	9.20
Total Equities	72	
Fixed Income:		
Domestic fixed income securities	17	1.00
Global fixed income securities	2	0.80
Mortgages	8	3.10
Short-term	1	0.10
Total Fixed Income	28	
Total	100 %	

* Real rates of return are net of the long-term inflation assumption of 2.1% for 2015.

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

Briarcliff Manor Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability (asset)	<u>\$ 18,680,384</u>	<u>\$ 1,431,746</u>	<u>\$ (13,035,507)</u>

The components of the collective net pension liability of TRS as of the June 30, 2016 measurement date were as follows:

Total pension liability	\$ 108,577,184,039
TRS fiduciary net position	<u>107,506,142,099</u>
Employers' net pension liability	<u>\$ 1,071,041,940</u>
TRS fiduciary net position as a percentage of total pension liability	<u>99.01%</u>

Employer and employee contributions for the year ended June 30, 2017 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions to TRS as of June 30, 2017 were \$2,486,525.

Voluntary Defined Contribution Plan

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

Pollution Remediation

In accordance with Governmental Accounting Standards Board Statement No. 49 "Accounting and Financial Reporting for Pollution Remediation Obligations", the School District had recorded liabilities for prior years in the district-wide financial statements primarily for the reporting and documentation requirements related to the unlawful fill material and associated contamination at the District's practice and softball fields. These liabilities have been satisfied in full.

Note 3 - Detailed Notes on All Funds (Continued)

Other Post Employment Benefit Obligations

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post employment health care benefits is shared between the School District and the retired employee. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. The cost of retiree health care benefits is recognized as an expenditure/expense as claims are paid.

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

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

The School District is required to accrue on the district-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the expected rate of return on the School District's general assets. Funding for the Plan has been established on a pay-as-you-go basis. The assumed increases in postretirement benefits are as follows:

Year Ended June 30,	Medical/Rx Blended Trend Rates
2016 - 2017	6.75 %
2017 - 2018	6.75
2018 - 2019	6.50
2019 - 2020	6.25
2020 - 2021	6.00
2021 - 2026	5.41
2026 - 2036	5.29
2036 - 2046	4.93
2046 - 2056	4.70
2056 - 2066	4.55
2066 - 2076	3.90
2076 - 2086	3.84

Briarcliff Manor Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The amortization basis is the level dollar method with a closed amortization approach with 21 years remaining in the amortization period. The actuarial assumptions included a 4.0% investment rate of return. The School District currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of July 1, 2016 was as follows:

Active Employees	268
Retired Employees	142
	<u>410</u>
Amortization Component	
Actuarial Accrued Liability as of July 1, 2016	\$ 66,232,265
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 66,232,265</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 23,969,449</u>
UAAL as a Percentage of Covered Payroll	<u>276.32%</u>
Annual Required Contribution	\$ 7,797,935
Interest on Net OPEB Obligation	1,231,984
Adjustment to Annual Required Contribution	<u>(2,110,960)</u>
Annual OPEB Cost	6,918,959
Contributions Made	<u>(1,721,034)</u>
Increase in Net OPEB Obligation	5,197,925
Net OPEB Obligation - Beginning of Year	<u>30,799,595</u>
Net OPEB Obligation - End of Year	<u>\$ 35,997,520</u>

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

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 6,918,959	24.87 %	\$ 35,997,520
2016	6,594,103	25.72	30,799,595
2015	7,116,520	24.73	25,901,443

Note 3 - Detailed Notes on All Funds (Continued)

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

F. Revenues and Expenditures

Interfund Transfers

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

Transfers Out	Capital Projects	Non-Major Governmental Funds	Total
General Fund	\$ 325,000	\$ 22,522	\$ 347,522
Capital Projects Fund	-	155,135	155,135
	<u>\$ 325,000</u>	<u>\$ 177,657</u>	<u>\$ 502,657</u>

Transfers are used to move amounts earmarked in the General Fund to fulfill commitments for Special Aid and Capital Projects funds expenditures and move amounts from the Capital Projects Fund to the Debt Service Fund for completed capital projects.

G. Net Position

The components of net position are detailed below:

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

Restricted for Liability and Casualty Claims - the component of net position that has been established to set aside funds to be used for the payment of future claims made upon the School District in accordance with Section 6-n of the General Municipal Law of the State of New York.

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

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

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

Briarcliff Manor Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	2017			2016			
	General Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Restricted							
Liability and casualty claims	\$ 120,000	\$ -	\$ 120,000	\$ -	\$ -	\$ -	\$ -
Tax certiorari	2,655,322	-	2,655,322	1,951,374	-	-	1,951,374
Employee benefit accrued liability	428,012	-	428,012	224,287	-	-	224,287
Retirement contributions	62,691	-	62,691	62,637	-	-	62,637
Debt service	-	159,611	159,611	-	-	3,337	3,337
Special purposes	-	81,446	81,446	-	-	83,379	83,379
Total Restricted	3,266,025	241,057	3,507,082	2,238,298	-	86,716	2,325,014
Assigned							
Purchases on order							
General government support	221,953	-	221,953	257,394	-	-	257,394
Instruction	120,519	-	120,519	99,644	-	-	99,644
	342,472	-	342,472	357,038	-	-	357,038
Subsequent year's expenditures	1,427,000	-	1,427,000	730,000	-	-	730,000
School Lunch Fund	-	7,156	7,156	-	-	1,254	1,254
Total Assigned	1,769,472	7,156	1,776,628	1,087,038	-	1,254	1,088,292
Unassigned	2,028,279	-	2,028,279	1,927,638	(444,865)	-	1,482,773
Total Fund Balances	\$ 7,063,776	\$ 248,213	\$ 7,311,989	\$ 5,252,974	\$ (444,865)	\$ 87,970	\$ 4,896,079

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

Subsequent year's expenditures represent that at June 30, 2017, the Board of Education has assigned the above amounts to be appropriated for the ensuing year's budget.

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

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

The School District has completed investigating and evaluating environmental conditions on two of its athletic fields at the High School and Middle School. In 1998, approximately 110,000 cubic yards of fill was brought to the site by a vendor to build athletic fields. The material that the vendor brought to the site did not meet the New York State Department of Environmental Conservation's ("NYSDEC") exempt fill standards, and therefore, the vendor's action violated certain solid waste regulations. In 2003, the School District entered into an Order on Consent ("CO") with the NYSDEC to complete the investigation of the fields which began in 2001. The School District voluntarily closed the fields as a precaution in 2010. The environmental firm retained by the School District completed a NYSDEC-approved Investigative Work Plan and received approval of a Remedial Action Work Plan to satisfy the 2003 CO. The School District completed remedial work on one field in November 2014 and the other field in January 2016.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

One of the fields requiring remedial action encroached on 1.82 acres of land owned by the New York State Department of Transportation ("NYSDOT"). The District received approval from its district residents via voter proposition for the purchase of this property. The final purchase price was \$185,000 and legal transfer occurred on May 17, 2016. The School District has fully expended the funds required to complete the monitoring, documentation, and reporting requirements in order to satisfy the NYSDEC 2003 CO. The District, working closely with the NYSDEC, is confident that the NYSDEC will not assess any penalties against the School District for the delay in compliance, now that work is completed.

B. Contingencies

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

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

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents, auto physical damage coverage, school board legal liability/employment practices liability and an excess catastrophe liability (umbrella) policy with coverage up to \$20,000,000. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed, although extremely remote, their proportionate share by the Department of Financial Services if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay annual premiums.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million for each occurrence and auto liability policy with coverage up to \$1 million each occurrence and school board legal liability policy with coverage up to \$1 million per claim and \$3 million in the aggregate. The School District also maintains an excess liability policy/umbrella policy with coverage up to \$20 million. This excess limit sits atop all three previously mentioned liability limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Westchester-Putnam Schools Cooperative Self-Insurance Plan for Workers' Compensation. This plan operates under an agreement, as amended, dated February 6, 1987. The purposes of the plan are to provide for the efficient and economical evaluation, processing, administration, defense and payment of claims against Plan members for workers' compensation payments. The Board of Trustees of the Plan consists of five Trustees selected by the Plan members. Each Trustee shall have one vote and no action may be taken except by a majority vote of the total membership of Trustees. Billings to each participant are based upon the costs incurred for workers' compensation. The School District has transferred all related risk to the Plan.

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Putnam Northern Westchester Health Benefits Consortium Health Plan. The Plan operates under a Municipal Cooperative Agreement dated March 1, 2017.

The purposes of the Plan are to provide for the efficient and economical evaluation, processing, administration and payment of claims against plan members for medical expenses through self-insurance and/or otherwise; to effect cost savings insofar as may be possible in Plan Members' expenses for such claims and service; to provide for centralized administration, funding and disbursements for such services.

The governance of the Plan rests with five (5) Trustees who are Chief School Administrators and School Business Officials and a Joint Governance Board of six (6) management employees and six (6) union representatives. The Trustees comprise 5 of the 6 management employees.

The Plan is community rated and each participating employer is billed according to coverages provided to its employees and retirees.

Participating employers share risk and retrospective payments are possible.

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Briarcliff Manor Union Free School District, New York**Required Supplementary Information - Schedule of Funding Progress
Other Post Employment Benefits
Last Three Fiscal Years**

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2014	\$ -	\$ 65,477,865	\$ 65,477,865	- %	\$ 23,028,727	284.33 %
July 1, 2015	-	62,470,833	62,470,833	-	24,579,714	254.16
July 1, 2016	-	66,232,265	66,232,265	-	23,969,449	276.32

See independent auditors report.

Briarcliff Manor Union Free School District, New York

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

	2017 (2)	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.133678%</u>	<u>0.134090%</u>	<u>0.130501%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 1,431,746</u>	<u>\$ (13,927,712)</u>	<u>\$ (14,536,985)</u>
School District's employee payroll	<u>\$ 20,626,611</u>	<u>\$ 20,142,187</u>	<u>\$ 19,277,012</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its employee payroll	<u>6.94%</u>	<u>(69.15)%</u>	<u>(75.41)%</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>

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

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

(2) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.

See independent auditors report.

Briarcliff Manor Union Free School District, New York**Required Supplementary Information - Schedule of Contributions
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,399,276	\$ 2,735,089	\$ 3,530,925
Contributions in relation to the contractually required contribution	<u>(2,399,276)</u>	<u>(2,735,089)</u>	<u>(3,530,925)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's TRS employee payroll	<u>\$ 20,471,642</u>	<u>\$ 20,626,611</u>	<u>\$ 20,142,187</u>
Contributions as a percentage of employee payroll	<u>11.72%</u>	<u>13.26%</u>	<u>17.53%</u>

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

See independent auditors report.

Briarcliff Manor Union Free School District, New York

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

	2017	2016 (2)	2015
School District's proportion of the net pension liability (asset)	<u>0.0132591%</u>	<u>0.0126075%</u>	<u>0.0134211%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 1,245,856</u>	<u>\$ 2,023,533</u>	<u>\$ 453,397</u>
School District's ERS employee payroll	<u>\$ 3,428,278</u>	<u>\$ 3,915,563</u>	<u>\$ 3,504,627</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its employee payroll	<u>36.34%</u>	<u>51.68%</u>	<u>12.94%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

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

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

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

See independent auditors report.

Briarcliff Manor Union Free School District, New York**Required Supplementary Information - Schedule of Contributions
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 604,321	\$ 619,687	\$ 662,469
Contributions in relation to the contractually required contribution	<u>(604,321)</u>	<u>(619,687)</u>	<u>(662,469)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's ERS employee payroll	<u>\$ 3,396,256</u>	<u>\$ 3,896,508</u>	<u>\$ 3,507,633</u>
Contributions as a percentage of employee payroll	<u>17.79%</u>	<u>15.90%</u>	<u>18.89%</u>

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

See independent auditors report.

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Briarcliff Manor Union Free School District, New York

General Fund
Comparative Balance Sheet
June 30,

	2017	2016
ASSETS		
Cash and equivalents	\$ 7,852,579	\$ 7,144,735
Receivables		
Accounts	24,521	28,710
State and Federal aid	103,311	123,884
Due from other governments	2,271,687	1,500,856
Due from other funds	804,280	249,718
	3,203,799	1,903,168
Total Assets	\$ 11,056,378	\$ 9,047,903
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 921,779	\$ 748,919
Accrued liabilities	69,177	40,345
Due to other funds	330,325	-
Due to other governments	53,430	721
Due to retirement systems	2,617,431	3,004,944
Unearned revenues	460	-
Total Liabilities	3,992,602	3,794,929
Fund balance		
Restricted	3,266,025	2,238,298
Assigned	1,769,472	1,087,038
Unassigned	2,028,279	1,927,638
Total Fund Balance	7,063,776	5,252,974
Total Liabilities and Fund Balance	\$ 11,056,378	\$ 9,047,903

See independent auditors report.

Briarcliff Manor Union Free School District, New York

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

2017

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
REVENUES					
Real property taxes	\$ 39,704,492	\$ 36,683,182	\$ 36,683,182	\$	\$ -
Other tax items	-	3,021,310	3,021,310		-
Non-property taxes	400,000	400,000	417,659		17,659
Charges for services	4,042,551	4,042,551	4,594,575		552,024
Use of money and property	55,000	55,000	64,250		9,250
Sale of property and compensation for loss	-	-	2,876		2,876
State aid	5,251,826	5,251,826	5,432,779		180,953
Miscellaneous	152,000	152,000	309,679		157,679
Total Revenues	49,605,869	49,605,869	50,526,310		920,441
EXPENDITURES					
Current					
General support					
Board of education	61,110	54,073	36,878	-	17,195
Central administration	349,376	375,113	366,975	-	8,138
Finance	757,534	783,649	745,852	6,334	31,463
Staff	374,290	377,317	355,377	3,000	18,940
Central services	4,446,630	4,304,349	3,916,963	212,619	174,767
Special items	553,035	528,242	499,777	-	28,465
Total General Support	6,541,975	6,422,743	5,921,822	221,953	278,968
Instruction					
Instruction, administration and improvement	2,050,351	2,174,221	2,120,443	-	53,778
Teaching - Regular school	15,600,643	15,462,257	15,215,276	28,087	218,894
Programs for students with disabilities	4,657,046	4,884,508	4,359,014	1,430	524,064
Occupational education	130,296	167,628	167,628	-	-
Teaching - Special schools	4,000	4,000	2,099	-	1,901
Instructional media	2,374,892	2,731,260	2,637,132	79,881	14,247
Pupil services	2,879,226	3,032,066	2,878,518	11,121	142,427
Total Instruction	27,696,454	28,455,940	27,380,110	120,519	955,311
Pupil transportation	2,195,822	2,201,322	2,098,298	-	103,024
Employee benefits	10,046,055	9,441,980	9,116,034	-	325,946
Debt service					
Principal	3,030,000	3,030,000	3,030,000	-	-
Interest	837,601	837,601	821,722	-	15,879
Total Expenditures	50,347,907	50,389,586	48,367,986	342,472	1,679,128
Excess (Deficiency) of Revenues Over Expenditures	(742,038)	(783,717)	2,158,324	(342,472)	2,599,569
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(345,000)	(347,522)	(347,522)	-	-
Total Other Financing Sources (Uses)	(345,000)	(347,522)	(347,522)	-	-
Net Change in Fund Balance	(1,087,038)	(1,131,239)	1,810,802	\$ (342,472)	\$ 2,599,569
FUND BALANCE					
Beginning of Year	1,087,038	1,131,239	5,252,974		
End of Year	\$ -	\$ -	\$ 7,063,776		

See independent auditors' report.

2016

Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 39,352,161	\$ 36,128,018	\$ 36,128,018	\$	\$ -
-	3,224,143	3,224,143		-
420,000	420,000	411,967		(8,033)
3,892,475	3,892,475	4,272,890		380,415
60,000	60,000	59,547		(453)
5,000	52,298	50,534		(1,764)
4,790,761	4,790,761	4,881,271		90,510
157,000	157,000	290,100		133,100
48,677,397	48,724,695	49,318,470		593,775
62,905	59,655	44,026	-	15,629
399,543	360,104	357,698	-	2,406
737,834	771,503	739,385	11,278	20,840
358,480	408,932	337,461	56,915	14,556
4,175,114	4,328,734	3,971,503	189,201	168,030
564,021	624,140	610,498	-	13,642
6,297,897	6,553,068	6,060,571	257,394	235,103
1,989,582	1,990,144	1,962,695	1,100	26,349
15,607,175	15,672,035	15,612,497	15,517	44,021
4,690,062	4,636,844	4,456,175	1,056	179,613
127,741	127,741	127,741	-	-
4,000	4,000	2,290	-	1,710
2,272,242	2,534,180	2,440,928	67,488	25,764
2,789,765	2,907,129	2,834,218	14,483	58,428
27,480,567	27,872,073	27,436,544	99,644	335,885
2,345,619	2,324,802	2,216,524	-	108,278
9,980,366	9,745,165	9,523,881	-	221,284
2,770,000	2,840,000	2,840,000	-	-
1,044,350	1,011,350	1,009,571	-	1,779
49,918,799	50,346,458	49,087,091	357,038	902,329
(1,241,402)	(1,621,763)	231,379	(357,038)	1,496,104
179,015	179,015	179,535	-	520
(195,000)	(150,500)	(147,971)	-	2,529
(15,985)	28,515	31,564	-	3,049
(1,257,387)	(1,593,248)	262,943	\$ (357,038)	\$ 1,499,153
1,257,387	1,593,248	4,990,031		
\$ -	\$ -	\$ 5,252,974		

Briarcliff Manor Union Free School District, New York

General Fund

Schedule of Revenues Compared to Budget

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	<u>\$ 39,704,492</u>	<u>\$ 36,683,182</u>	<u>\$ 36,683,182</u>	<u>\$ -</u>
OTHER TAX ITEMS				
School tax relief reimbursement	<u>-</u>	<u>3,021,310</u>	<u>3,021,310</u>	<u>-</u>
NON-PROPERTY TAXES				
Non-property tax distribution from County	<u>400,000</u>	<u>400,000</u>	<u>417,659</u>	<u>17,659</u>
CHARGES FOR SERVICES				
Day school tuition	4,007,051	4,007,051	4,559,832	552,781
Other student fees and charges	35,500	35,500	34,193	(1,307)
Transportation services for other districts	<u>-</u>	<u>-</u>	<u>550</u>	<u>550</u>
	<u>4,042,551</u>	<u>4,042,551</u>	<u>4,594,575</u>	<u>552,024</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	5,000	5,000	19,225	14,225
Rental of real property - Individuals	<u>50,000</u>	<u>50,000</u>	<u>45,025</u>	<u>(4,975)</u>
	<u>55,000</u>	<u>55,000</u>	<u>64,250</u>	<u>9,250</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	-	-	500	500
Minor sales	-	-	276	276
Other compensation for loss	<u>-</u>	<u>-</u>	<u>2,100</u>	<u>2,100</u>
	<u>-</u>	<u>-</u>	<u>2,876</u>	<u>2,876</u>

STATE AID

Basic formula	3,739,423	3,184,341	3,222,483	38,142
BOCES	1,384,157	1,384,157	1,528,598	144,441
Lottery aid	-	555,082	555,082	-
Textbook aid	87,812	87,812	85,977	(1,835)
Computer software/hardware aid	31,282	31,282	31,427	145
Library aid	9,152	9,152	9,212	60
	<u>5,251,826</u>	<u>5,251,826</u>	<u>5,432,779</u>	<u>180,953</u>

MISCELLANEOUS

Refund of prior year's expenditures	20,000	20,000	74,509	54,509
Refund of prior year's expenditures-BOCES	35,000	35,000	101,274	66,274
Other	97,000	97,000	133,896	36,896
	<u>152,000</u>	<u>152,000</u>	<u>309,679</u>	<u>157,679</u>
TOTAL REVENUES	<u><u>\$ 49,605,869</u></u>	<u><u>\$ 49,605,869</u></u>	<u><u>\$ 50,526,310</u></u>	<u><u>\$ 920,441</u></u>

Briarcliff Manor Union Free School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
<i>BOARD OF EDUCATION</i>					
Board of education	\$ 30,250	\$ 22,870	\$ 15,747	\$ -	\$ 7,123
District clerk	22,990	23,341	18,341	-	5,000
District meeting	7,870	7,862	2,790	-	5,072
Total Board of Education	61,110	54,073	36,878	-	17,195
<i>CENTRAL ADMINISTRATION</i>					
Chief school administrator	349,376	375,113	366,975	-	8,138
<i>FINANCE</i>					
Business administration	544,027	567,680	541,009	4,334	22,337
Accounting and auditing	83,400	83,400	72,274	2,000	9,126
Treasurer	130,107	132,569	132,569	-	-
Total Finance	757,534	783,649	745,852	6,334	31,463
<i>STAFF</i>					
Legal	143,200	143,200	132,940	-	10,260
Personnel	108,721	112,290	109,258	-	3,032
Records management officer	67,619	60,937	54,015	3,000	3,922
Public information and services	54,750	60,890	59,164	-	1,726
Total Staff	374,290	377,317	355,377	3,000	18,940

CENTRAL SERVICES

Operation and maintenance of plant	4,130,568	3,966,725	3,584,896	211,619	170,210
Central printing and mailing	21,000	24,072	24,072	-	-
Central data processing	295,062	313,552	307,995	1,000	4,557

Total Central Services	4,446,630	4,304,349	3,916,963	212,619	174,767
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SPECIAL ITEMS

Unallocated insurance	210,120	210,120	201,992	-	8,128
School association dues	24,000	24,000	23,679	-	321
Assessments on school property	40,000	40,000	33,090	-	6,910
Judgments and claims	43,000	13,837	731	-	13,106
Administrative charge - BOCES	235,915	240,285	240,285	-	-

Total Special Items	553,035	528,242	499,777	-	28,465
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Total General Support	6,541,975	6,422,743	5,921,822	221,953	278,968
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INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	519,850	736,216	704,228	-	31,988
Supervision - Regular school	1,523,501	1,438,005	1,416,215	-	21,790
Research, planning and evaluation	7,000	-	-	-	-

Total Instruction, Administration and Improvement	2,050,351	2,174,221	2,120,443	-	53,778
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TEACHING - REGULAR SCHOOL	15,600,643	15,462,257	15,215,276	28,087	218,894
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PROGRAMS FOR STUDENTS WITH DISABILITIES	4,657,046	4,884,508	4,359,014	1,430	524,064
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OCCUPATIONAL EDUCATION	130,296	167,628	167,628	-	-
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TEACHING - SPECIAL SCHOOLS	4,000	4,000	2,099	-	1,901
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(Continued)

Briarcliff Manor Union Free School District, New York

General Fund

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

Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
<i>INSTRUCTIONAL MEDIA</i>					
School library and audiovisual	\$ 323,699	\$ 324,908	\$ 315,179	\$ 160	\$ 9,569
Computer assisted instruction	2,051,193	2,406,352	2,321,953	79,721	4,678
Total Instructional Media	2,374,892	2,731,260	2,637,132	79,881	14,247
<i>PUPIL SERVICES</i>					
Guidance - Regular school	804,789	828,769	751,442	-	77,327
Health services - Regular school	427,640	435,824	415,773	-	20,051
Psychological services - Regular school	413,636	417,581	408,195	-	9,386
Social work services - Regular school	134,574	199,418	198,978	-	440
Pupil personnel services - Special schools	1,700	1,700	127	-	1,573
Co-curricular activities - Regular school	302,775	306,230	271,950	7,137	27,143
Interscholastic athletics - Regular school	794,112	842,544	832,053	3,984	6,507
Total Pupil Services	2,879,226	3,032,066	2,878,518	11,121	142,427
Total Instruction	27,696,454	28,455,940	27,380,110	120,519	955,311
<i>PUPIL TRANSPORTATION</i>					
District transportation services	43,903	46,403	44,803	-	1,600
Contract and public carrier transportation	2,151,919	2,154,919	2,053,495	-	101,424
Total Pupil Transportation	2,195,822	2,201,322	2,098,298	-	103,024

EMPLOYEE BENEFITS

State retirement	732,254	606,866	584,233	-	22,633
Teachers' retirement	2,452,083	2,427,083	2,399,573	-	27,510
Social security	1,951,533	1,735,218	1,727,875	-	7,343
Hospital, medical and dental insurance	4,282,965	3,997,145	3,815,509	-	181,636
Unemployment benefits	60,000	67,500	62,426	-	5,074
Disability insurance	67,200	64,678	56,278	-	8,400
Life insurance	24,000	24,000	21,600	-	2,400
Workers' compensation benefits	135,000	135,000	122,072	-	12,928
Union welfare benefits	278,250	278,250	247,998	-	30,252
Other	62,770	106,240	78,470	-	27,770
	<u>10,046,055</u>	<u>9,441,980</u>	<u>9,116,034</u>	<u>-</u>	<u>325,946</u>
Total Employee Benefits					

DEBT SERVICE

Principal					
Serial bonds	3,030,000	3,030,000	3,030,000	-	-
Interest					
Serial bonds	837,601	832,276	816,397	-	15,879
Bond anticipation notes	-	5,325	5,325	-	-
	<u>837,601</u>	<u>837,601</u>	<u>821,722</u>	<u>-</u>	<u>15,879</u>
Total Debt Service	<u>3,867,601</u>	<u>3,867,601</u>	<u>3,851,722</u>	<u>-</u>	<u>15,879</u>

TOTAL EXPENDITURES

	<u>50,347,907</u>	<u>50,389,586</u>	<u>48,367,986</u>	<u>342,472</u>	<u>1,679,128</u>
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OTHER FINANCING USES

Transfers out					
Special Aid Fund	20,000	22,522	22,522	-	-
Capital Projects Fund	325,000	325,000	325,000	-	-
	<u>345,000</u>	<u>347,522</u>	<u>347,522</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING USES					

TOTAL EXPENDITURES AND OTHER FINANCING USES

	<u>\$ 50,692,907</u>	<u>\$ 50,737,108</u>	<u>\$ 48,715,508</u>	<u>\$ 342,472</u>	<u>\$ 1,679,128</u>
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See independent auditors' report.

Briarcliff Manor Union Free School District, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 452,189	\$ 227,756
Due from other funds	<u>330,325</u>	<u>-</u>
	<u><u>\$ 782,514</u></u>	<u><u>\$ 227,756</u></u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	\$ 15,874	\$ 67,570
Bond anticipation notes payable	-	600,000
Due to other funds	<u>766,640</u>	<u>5,051</u>
Total Liabilities	782,514	672,621
Fund balance (deficit)		
Unassigned	<u>-</u>	<u>(444,865)</u>
Total Liabilities and Fund Balance (Deficit)	<u><u>\$ 782,514</u></u>	<u><u>\$ 227,756</u></u>

See independent auditors' report.

Briarcliff Manor Union Free School District, New York

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

	<u>2017</u>	<u>2016</u>
REVENUES		
State aid	\$ 325,448	\$ -
EXPENDITURES		
Capital outlay	<u>625,448</u>	<u>1,468,451</u>
Deficiency of Revenues Over Expenditures	<u>(300,000)</u>	<u>(1,468,451)</u>
OTHER FINANCING SOURCES		
Bonds issued	575,000	10,375,000
Transfers in	325,000	125,000
Transfers out	<u>(155,135)</u>	<u>-</u>
Total Other Financing Sources	<u>744,865</u>	<u>10,500,000</u>
Net Change in Fund Balance	444,865	9,031,549
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>(444,865)</u>	<u>(9,476,414)</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ (444,865)</u></u>

See independent auditors' report.

Briarcliff Manor Union Free School District, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2017

PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
Facilities Improvements - Todd School	\$ -	\$ 1,663,713	\$ -	\$ 1,663,713
Facilities Improvements - MS/HS	-	8,194,710	-	8,194,710
Facilities Improvements - Todd Lighting	-	148,124	-	148,124
Facilities Improvements - MS/HS Softball Field/Lighting	-	887,320	-	887,320
Unexpended	-	-	155,115	155,115
	<u>11,048,982</u>	<u>10,893,867</u>	<u>155,115</u>	<u>11,048,982</u>
Facilities Improvements - Todd Crawl Space Asbestos	-	147,837	-	147,837
Facilities Improvements - Practice Field Remediation	-	1,147,410	-	1,147,410
Unexpended	-	-	20	20
	<u>2,275,966</u>	<u>1,295,247</u>	<u>20</u>	<u>1,295,267</u>
Facilities Improvements - Computer Closet Upgrades	-	-	35,054	35,054
Facilities Improvements - MS Elevator Project	-	-	73,021	73,021
Facilities Improvements - MS Manhole Sump Pump	-	-	16,625	16,625
Facilities Improvements - MS/HS Chiller Feeders	-	-	81,711	81,711
Facilities Improvements - MS Wireless Clocks	-	-	14,124	14,124
Facilities Improvements - Paving Improvements	-	-	34,866	34,866
Facilities Improvements - Todd Drainage Pipe/Sidewalk	-	-	27,700	27,700
Facilities Improvements - Todd Light Pole Replacement	-	-	16,899	16,899
	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Smart Schools Bond Act	<u>326,239</u>	<u>-</u>	<u>325,448</u>	<u>325,448</u>
Totals	<u>\$ 13,951,187</u>	<u>\$ 12,189,114</u>	<u>\$ 780,583</u>	<u>\$ 12,969,697</u>

See independent auditors' report.

Unexpended Balance	Methods of Financing				Fund Balance at June 30, 2017
	Proceeds of Obligations	Transfers	State Aid	Totals	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	10,375,000	673,982	-	11,048,982	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
980,699	575,000	720,267	-	1,295,267	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	300,000	-	300,000	-
791	-	-	325,448	325,448	-
<u>\$ 981,490</u>	<u>\$ 10,950,000</u>	<u>\$ 1,694,249</u>	<u>\$ 325,448</u>	<u>\$ 12,969,697</u>	<u>\$ -</u>

Briarcliff Manor Union Free School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2017
(With Comparative Totals for 2016)

	Special Aid	School Lunch	Special Purpose
ASSETS			
Cash and equivalents	\$ 9,668	\$ 59,152	\$ 81,446
Receivables			
Accounts	12,737	-	-
State and Federal aid	198,883	-	-
Due from other funds	-	-	-
	211,620	-	-
Total Assets	<u>\$ 221,288</u>	<u>\$ 59,152</u>	<u>\$ 81,446</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 20,946	\$ 24,719	\$ -
Bond interest and matured bonds payable	-	-	-
Due to other funds	198,883	-	-
Unearned revenues	1,459	27,277	-
Total Liabilities	<u>221,288</u>	<u>51,996</u>	<u>-</u>
Fund balances			
Restricted	-	-	81,446
Assigned	-	7,156	-
Total Fund Balances	<u>-</u>	<u>7,156</u>	<u>81,446</u>
Total Liabilities and Fund Balances	<u>\$ 221,288</u>	<u>\$ 59,152</u>	<u>\$ 81,446</u>

See independent auditors' report.

Debt Service	Total Non-Major Governmental Funds	
	2017	2016
\$ 3,387	\$ 153,653	\$ 219,161
-	12,737	2,418
-	198,883	249,646
161,315	161,315	5,051
161,315	372,935	257,115
\$ 164,702	\$ 526,588	\$ 476,276
\$ -	\$ 45,665	\$ 105,790
5,019	5,019	5,019
72	198,955	249,718
-	28,736	27,779
5,091	278,375	388,306
159,611	241,057	86,716
-	7,156	1,254
159,611	248,213	87,970
\$ 164,702	\$ 526,588	\$ 476,276

Briarcliff Manor Union Free School District, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2017
(With Comparative Totals for 2016)

	Special Aid	School Lunch	Special Purpose
REVENUES			
Use of money and property	\$ -	\$ -	\$ 267
State aid	90,087	-	-
Federal aid	410,653	-	-
Food sales	-	488,046	-
Miscellaneous	149,307	-	-
	<u>650,047</u>	<u>488,046</u>	<u>267</u>
Total Revenues	<u>650,047</u>	<u>488,046</u>	<u>267</u>
EXPENDITURES			
Current			
Instruction	672,569	-	-
Cost of food sales	-	482,144	-
Other	-	-	2,200
	<u>672,569</u>	<u>482,144</u>	<u>2,200</u>
Total Expenditures	<u>672,569</u>	<u>482,144</u>	<u>2,200</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(22,522)</u>	<u>5,902</u>	<u>(1,933)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	22,522	-	-
Transfers out	-	-	-
	<u>22,522</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>22,522</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	5,902	(1,933)
FUND BALANCES			
Beginning of Year	-	1,254	83,379
End of Year	<u>\$ -</u>	<u>\$ 7,156</u>	<u>\$ 81,446</u>

See independent auditors' report.

Debt Service	Total Non-Major Governmental Funds	
	2017	2016
\$ 1,139	\$ 1,406	\$ 1,596
-	90,087	91,883
-	410,653	489,374
-	488,046	477,097
-	149,307	40,169
1,139	1,139,499	1,100,119
-	672,569	644,397
-	482,144	476,908
-	2,200	2,125
-	1,156,913	1,123,430
1,139	(17,414)	(23,311)
155,135	177,657	22,971
-	-	(179,535)
155,135	177,657	(156,564)
156,274	160,243	(179,875)
3,337	87,970	267,845
\$ 159,611	\$ 248,213	\$ 87,970

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Briarcliff Manor Union Free School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	<u>\$ 9,668</u>	<u>\$ 18,848</u>
Receivables		
Accounts	12,737	2,418
State and Federal aid	<u>198,883</u>	<u>249,646</u>
	<u>211,620</u>	<u>252,064</u>
 Total Assets	 <u><u>\$ 221,288</u></u>	 <u><u>\$ 270,912</u></u>
 LIABILITIES		
Accounts payable	\$ 20,946	\$ 20,108
Due to other funds	198,883	249,646
Unearned revenues	<u>1,459</u>	<u>1,158</u>
 Total Liabilities	 <u><u>\$ 221,288</u></u>	 <u><u>\$ 270,912</u></u>

See independent auditors' report.

Briarcliff Manor Union Free School District, New York

Special Aid Fund

Comparative Schedule of Revenues, Expenditures and

Changes in Fund Balance - Budget and Actual

Years Ended June 30,

	2017			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
State aid	\$ 90,088	\$ 90,088	\$ 90,087	\$ (1)
Federal aid	447,649	447,649	410,653	(36,996)
Miscellaneous	152,435	152,435	149,307	(3,128)
Total Revenues	690,172	690,172	650,047	(40,125)
EXPENDITURES				
Current				
Instruction	710,172	712,694	672,569	40,125
Deficiency of Revenues Over Expenditures	(20,000)	(22,522)	(22,522)	-
OTHER FINANCING SOURCES				
Transfers in	20,000	22,522	22,522	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

2016

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 91,883	\$ 91,883	\$ 91,883	\$ -
534,157	636,598	489,374	(147,224)
42,538	42,538	40,169	(2,369)
668,578	771,019	621,426	(149,593)
688,578	796,519	644,397	152,122
(20,000)	(25,500)	(22,971)	2,529
20,000	25,500	22,971	(2,529)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Briarcliff Manor Union Free School District, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	<u>\$ 59,152</u>	<u>\$ 113,557</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 24,719	\$ 85,682
Unearned revenues	<u>27,277</u>	<u>26,621</u>
Total Liabilities	51,996	112,303
Fund balance		
Assigned	<u>7,156</u>	<u>1,254</u>
Total Liabilities and Fund Balance	<u>\$ 59,152</u>	<u>\$ 113,557</u>

See independent auditors' report.

Briarcliff Manor Union Free School District, New York

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

	<u>2017</u>	<u>2016</u>
REVENUES		
Food sales	\$ 488,046	\$ 477,097
EXPENDITURES		
Current		
Cost of food sales	<u>482,144</u>	<u>476,908</u>
Excess of Revenues Over Expenditures	5,902	189
FUND BALANCE		
Beginning of Year	<u>1,254</u>	<u>1,065</u>
End of Year	<u><u>\$ 7,156</u></u>	<u><u>\$ 1,254</u></u>

See independent auditors' report.

Briarcliff Manor Union Free School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	<u>\$ 81,446</u>	<u>\$ 83,379</u>
FUND BALANCE		
Restricted	<u>\$ 81,446</u>	<u>\$ 83,379</u>

See independent auditors' report.

Briarcliff Manor Union Free School District, New York

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

	<u>2017</u>	<u>2016</u>
REVENUES		
Use of money and property	\$ 267	\$ 54
EXPENDITURES		
Current		
Other	<u>2,200</u>	<u>2,125</u>
Deficiency of Revenues Over Expenditures	(1,933)	(2,071)
OTHER FINANCING USES		
Transfers out	<u>-</u>	<u>(15,396)</u>
Net Change in Fund Balance	(1,933)	(17,467)
FUND BALANCE		
Beginning of Year	<u>83,379</u>	<u>100,846</u>
End of Year	<u><u>\$ 81,446</u></u>	<u><u>\$ 83,379</u></u>

See independent auditors' report.

Briarcliff Manor Union Free School District, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 3,387	\$ 3,377
Due from other funds	<u>161,315</u>	<u>5,051</u>
Total Assets	<u>\$ 164,702</u>	<u>\$ 8,428</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Bond interest and matured bonds payable	\$ 5,019	\$ 5,019
Due to other funds	<u>72</u>	<u>72</u>
Total Liabilities	5,091	5,091
Fund balance		
Restricted	<u>159,611</u>	<u>3,337</u>
Total Liabilities and Fund Balance	<u>\$ 164,702</u>	<u>\$ 8,428</u>

See independent auditors' report.

Briarcliff Manor Union Free School District, New York

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

	<u>2017</u>	<u>2016</u>
REVENUES		
Use of money and property	\$ 1,139	\$ 1,542
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>1,139</u>	<u>1,542</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	155,135	-
Transfers out	<u>-</u>	<u>(164,139)</u>
Total Other Financing Sources (Uses)	<u>155,135</u>	<u>(164,139)</u>
Net Change in Fund Balance	156,274	(162,597)
FUND BALANCE		
Beginning of Year	<u>3,337</u>	<u>165,934</u>
End of Year	<u><u>\$ 159,611</u></u>	<u><u>\$ 3,337</u></u>

See independent auditors' report.

Briarcliff Manor Union Free School District, New York

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2017

Adopted Budget		\$ 50,335,869
Additions		
Encumbrances		<u>357,038</u>
Original Budget		50,692,907
Budget Amendments		<u>44,201</u>
Final Budget		<u><u>\$ 50,737,108</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

Year Ended June 30, 2017

2017-18 Expenditure Budget		<u>\$ 51,466,151</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted fund balance		
Assigned fund balance	1,769,472	
Unassigned fund balance	<u>2,028,279</u>	
Total Unrestricted Fund Balance	<u>3,797,751</u>	
Less		
Appropriations for subsequent year's budget	1,427,000	
Encumbrances	<u>342,472</u>	
Total Adjustments	<u>1,769,472</u>	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 2,028,279</u></u>
Actual Percentage		<u><u>3.94%</u></u>

See independent auditors' report.

Briarcliff Manor Union Free School District, New York

Schedule of Net Investment in Capital Assets

Year Ended June 30, 2017

Capital Assets, net		\$ 46,611,621
Less		
Bonds Payable	(19,450,000)	
Unamortized Portion of Premium on Bonds	<u>(889,811)</u>	(20,339,811)
Plus		
Unamortized Portion of Loss on Refunding Bonds		<u>352,839</u>
Net Investment in Capital Assets		<u><u>\$ 26,624,649</u></u>

See independent auditors' report.