

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

Financial Statements and
Supplementary Information

Year Ended June 30, 2018

Briarcliff Manor Union Free School District, New York

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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, 2018, 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, 2018, 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.

Emphasis of Matter

We draw attention to Note 2D and Note 3D in the notes to financial statements which disclose the effects of the School District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit for the year ended June 30, 2018 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, 2018 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, 2018 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, 2018.

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, 2017 (not presented herein), and have issued our report thereon dated September 28, 2017, 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, 2017 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, 2017 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, 2017 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, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2018 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 18, 2018

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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, 2018, 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 18, 2018.

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 18, 2018

Briarcliff Manor Union Free School District, New York

Management's Discussion and Analysis (MD&A) June 30, 2018

Introduction

This discussion and analysis of the Briarcliff Manor Union Free School District, Briarcliff Manor, New York's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2018. 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 2017-18 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 \$2,087,857, or 4.00% of the 2018-19 budget of \$52,196,413.
- As of the close of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$7,101,455, a decrease of \$210,534 from the June 30, 2017 fund balance of \$7,311,989. There was a net increase in total restricted fund balance of \$410,674. Funds were added to the Tax Certiorari Reserve based on current requirements and new petitions filed against the School District. Funds were withdrawn from the Employee Benefit Accrued Liability Reserve to cover payments due to eligible retiring teachers and administrators for unused sick leave. The Liability Reserve Fund was increased. These funds are to be used for the payment of future liability claims made upon the School District. Funds restricted for debt service were decreased as residual amounts from closed-out capital projects were used to offset principal and interest due on outstanding debt in the 2017-18 school year. There was a decrease in total assigned fund balance of \$680,786. The General Fund's unassigned fund balance that is available for spending at the discretion of the School District was \$2,087,857, or approximately 29.81% of its total fund balance.
- The School District's appropriated surplus contribution to reduce the tax levy will decrease from \$1,427,000 in 2017-18 to \$928,230 in 2018-19.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded assets and deferred outflows of resources by \$47,838,094. This is related to the continuing recognition of other post-employment benefit ("OPEB") obligations, other than pensions. The School District adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, which replaced GASB Statement No. 45. The key difference in the new standard is that the School District must now report the *total OPEB liability* related to its employees. The prior standard allowed for the amortization of prior service cost over a thirty-year period. The School District's July 1, 2017 net position was restated for the cumulative effect of adopting GASB Statement No. 75. The restatement resulted in a decrease to net position of \$54.9 million. Total assets and deferred outflows decreased by \$1,587,367 for the year ended June 30, 2018, exclusive of the restatement impact.

- This is the fourth 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, 2018, the School District reported in its Statement of Net Position a liability of \$349,423 for its proportionate share of the ERS net pension liability, while also reporting an asset of \$981,938 for its proportionate share of the TRS net pension asset. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in note 3D 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 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 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, Briarcliff Manor, New York, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$47,838,094 at the year ending June 30, 2018, as reflected on the chart below.

Net Position

	June 30,	
	2018	2017
Current and Other Assets	\$ 11,521,978	\$ 11,069,560
Capital Assets, net	44,911,635	46,611,621
Total Assets	56,433,613	57,681,181
Deferred Outflows of Resources	23,468,067	15,189,058
Current and Other Liabilities	3,480,060	3,809,544
Long-Term Liabilities	103,280,470	59,593,213
Total Liabilities	106,760,530	63,402,757
Deferred Inflows of Resources	20,979,244	766,165
NET POSITION		
Net Investment in Capital Assets	28,281,885	26,624,649
Liability and Casualty Claims	220,109	120,000
Debt Service	5,798	159,611
Tax Certiorari	3,157,464	2,655,322
Retirement Contributions	62,785	62,691
Special Purposes	80,494	81,446
Unrestricted	(79,646,629)	(21,002,402)
Total Net Position	\$ (47,838,094)	\$ 8,701,317

The largest positive 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 7% of net position. There is a negative \$79,646,629 of unrestricted net position, which is primarily a result of the recognition of OPEB and Net Pension liabilities.

Changes in Net Position

	June 30,	
	2018	2017
PROGRAM REVENUES		
Charges for Services	\$ 3,615,331	\$ 5,127,646
Operating Grants and Contributions	708,346	778,908
Capital Grants and Contributions	1,322	326,587
Total Program Revenues	4,324,999	6,233,141
General Revenues		
Real Property Taxes	37,283,561	36,683,182
Other Tax Items	2,856,940	3,021,310
Non-Property Taxes	446,207	417,659
Unrestricted Use of Money and Property (Interest and Rental Revenues)	64,268	17,247
Sale of Property and Compensation for Loss	16,414	2,876
Unrestricted State Aid	5,452,619	5,306,163
Miscellaneous	257,378	309,679
Total General Revenues	46,377,387	45,758,116
Total Revenues	50,702,386	51,991,257
PROGRAM EXPENSES		
General Support	7,211,773	7,144,809
Instruction	41,846,503	43,553,178
Pupil Transportation	2,194,492	2,121,815
Interest	525,929	644,363
Cost of Food Sales	1,800	496,390
Other	509,256	2,200
Total Expenses	52,289,753	53,962,755
Change in Net Position	(1,587,367)	(1,971,498)
NET POSITION		
Beginning, as reported	8,701,317	10,672,815
Cumulative Effect of Change in Accounting Principle	(54,952,044)	-
Beginning, as restated	(46,250,727)	10,672,815
Ending	\$ (47,838,094)	\$ 8,701,317

Net position decreased by \$1,587,367 year-to-year. Revenues decreased by \$1,288,871 in 2017-18. The major changes are as follows:

Revenues

- Charges for Services decreased by \$1,512,315. The main reasons for the decrease are as follows:
 1. Enrollment of special education 9th – 12th graders from other districts decreased by 4.751 FTE's. The NRT rate decreased while the consortium rate increased. The combined effect of decreased enrollment, reduced NRT, and increased consortium tuition rates resulted in \$665,269 less in special education tuition revenue.
 2. Enrollment of regular education 9th – 12th graders from Pocantico CSD decreased by 14.636 FTE's. In addition, the NRT rate decreased by \$782 per student. The combined effect of decreased enrollment and a lower NRT tuition rate resulted in \$348,897 less in regular education tuition revenue.
 3. Regular and special education prior year NRT rate adjustments due to other districts increased by \$530,431. These adjustments are offset against current year revenue.
 4. Enrollment of regular education K-12th grade non-resident parentally-placed students increased by .592 FTE's. In addition, the NRT rate decreased. The combined effect of increased enrollment and a lower NRT tuition rate resulted in \$7,032 more in regular education tuition revenue.
 5. Regular education prior year NRT rate adjustments due to non-resident parentally-placed students increased by \$19,060. These adjustments are offset against current year revenue.
- Capital Grants and Contributions decreased by \$325,265, mainly due to the one-time receipt of \$325,448 in Smart Schools Bond Act proceeds in 2016-17.
- Other Tax Items (STAR revenue) decreased by \$164,370. The total STAR reimbursement amount that the School 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.
- Real property taxes increased by \$600,379. 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 2017-18 tax levy was \$697,000 more than the amount set aside for tax reduction in 2016-17.
 2. The 2017-18 budget was \$1,130,282 more than the 2016-17 budget. This, together with a \$697,000 increase of appropriated surplus, required an additional \$433,282 in revenues to finance operations. Budgeted revenue for items other than real property taxes and STAR revenue in 2017-18 was \$696,774 higher than in 2016-17, and the tax levy was increased by \$433,508 to make up the difference.
- Unrestricted State Aid increased by \$146,456. The largest fluctuations were in the categories of Basic State Aid and BOCES Aid.
 1. Basic state aid was reduced from the prior year by \$53,285.
 2. BOCES aid was \$168,705 higher because the School District had more BOCES aidable expenditures in 2016-17 (on which 2017-18 BOCES Aid was based) than in 2015-16 (on which 2016-17 BOCES Aid was based).

3. Other state aid was \$20,000 higher because the School District received a NYS Senate General Purpose Grant in 2017-18 and did not receive a grant in 2016-17.

Expenses decreased by \$1,673,002 in 2017-18. The major changes are as follows:

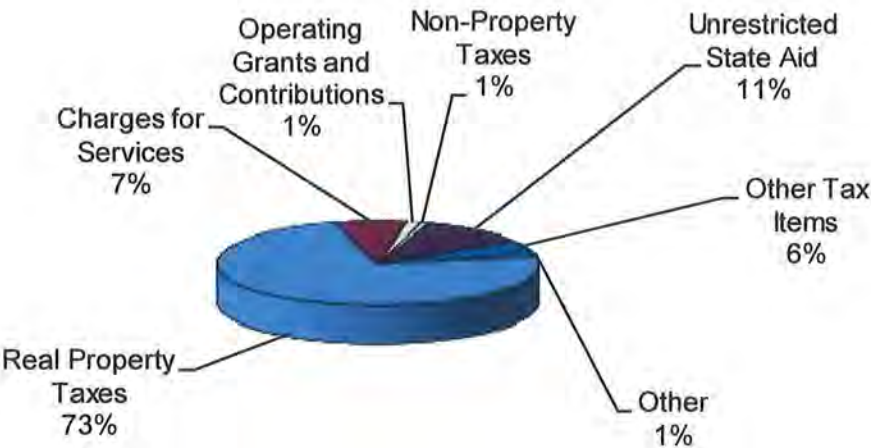
Expenses

- Instruction expenses decreased by \$1,706,675:
 1. Instruction operational expenses increased by \$477,808.
 - Curriculum development and administrative supervision expenses increased by \$146,801 as a result of contractual salary increases, a .50 FTE increase in the Middle School Assistant Principal position, and added summer curriculum development work.
 - Regular education teaching expenses rose by \$241,034. Contractual salaries grew by \$356,227 and expenses other than salaries fell by \$115,193.
 - Special education teaching expenses increased by \$451,022. Contractual salaries grew by \$215,218 as additional teaching assistants were hired and contractual salary increases took effect. Out-of-district placements increased by 1.575 FTE's, resulting in an additional \$244,881 in expenses.
 - Technology expenses decreased by \$359,787. Most of the reduction related to BOCES expenditures for technology support staff, as well as test scoring. These costs were reduced by \$305,815 as the School District moved from paying BOCES for support services to hiring personnel to provide them in-house, and contracting directly with the software vendor for test scoring services.
 2. GASB 34 District-wide accruals resulted in a \$2,184,483 decrease to Instruction expenses. These obligations do not require the use of current financial resources and are not reported as expenses in the governmental funds.
 - The decrease resulting from the OPEB (Other Post Employment Benefit Obligations) accrual allocated to Instruction was \$2,389,157. 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. A full valuation was performed for 2017-18. These amounts are subject to continual revision.
 - Capital outlay expenditures allocated to Instruction decreased by \$338,599.
 - The increase to expenses resulting from the TRS pension liability accrual was \$471,416.
- General Support expenses increased by \$66,964:
 1. General Support operational expenses increased by \$317,433. The largest change was in Database processing. Expenses increased by \$289,753 as the School District moved from paying BOCES for technology support staff to hiring personnel to provide those services in-house.
 2. GASB 34 District-wide accruals resulted in a \$250,469 decrease to General Support expenses. The largest of these was the OPEB (Other Post Employment Benefit Obligations) accrual which resulted in a decrease of \$247,180.

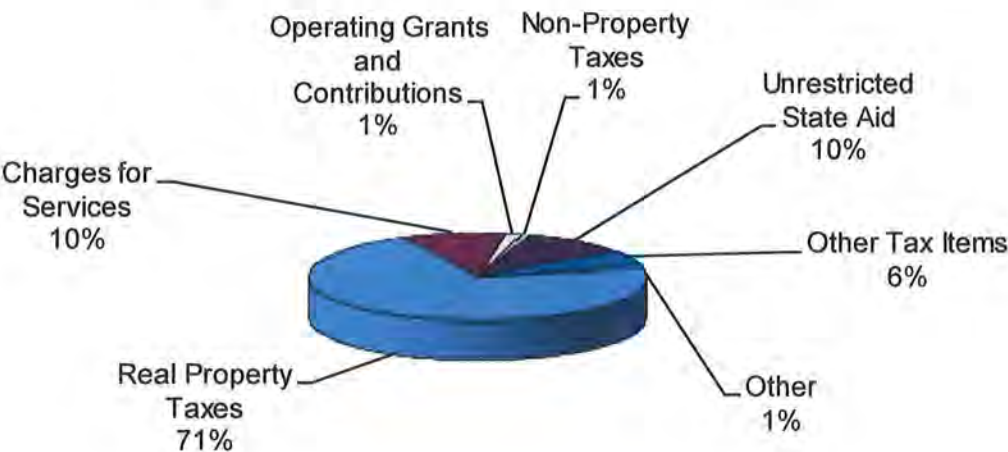
As indicated on the charts that follow, the School District relies upon real property taxes as its primary revenue source.

The School District's instruction costs account for 80% of its expenses.

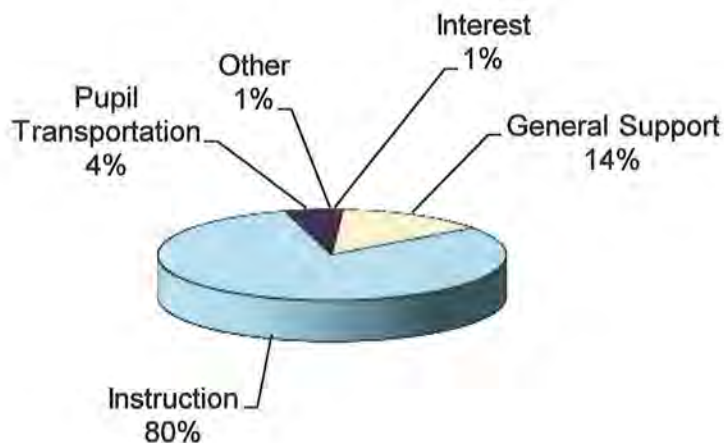
**Sources of Revenue for Fiscal Year 2018
Governmental Activities**



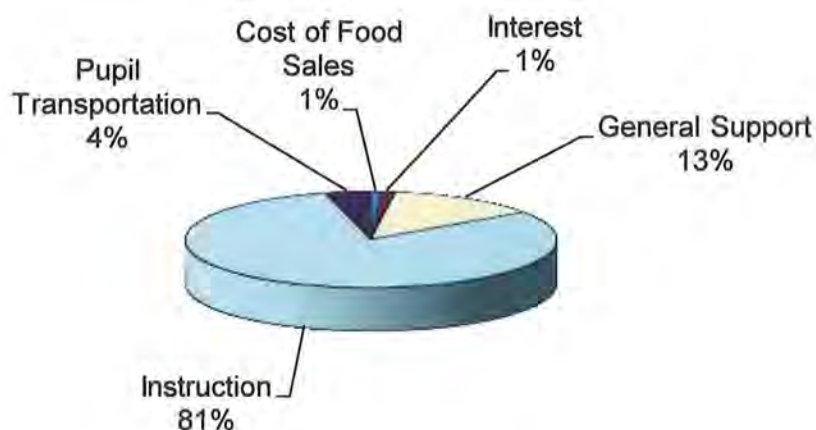
**Sources of Revenue for Fiscal Year 2017
Governmental Activities**



Expenses for Fiscal Year 2018 Governmental Activities



Expenses for Fiscal Year 2017 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 \$7,101,455, a decrease of \$210,534 from the combined fund balance of the prior year. Of this amount, \$3,917,756 is restricted for specific purposes, \$1,095,842 is assigned for intended use (this amount is inclusive of \$928,230 that will be used to offset the tax levy for the 2018-19 year and represents the amount estimated for use in the 2018-19 General Fund budget), and \$2,087,857 is unassigned and equal to 4.00% of the 2018-19 budget of \$52,196,413.

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 \$7,003,004. Of this total, \$3,831,464 is restricted for specific purposes and represents the School District's reserves. The funds include a reserve for tax certioraris of \$3,157,464, an employee benefit accrued liability reserve of \$391,106, a reserve for liability and casualty claims of \$220,109, and a reserve for future retirement contributions of \$62,785. In addition, \$1,083,683 is assigned for intended use and includes \$928,230 to be used for tax reduction in the 2018-19 school year. The balance of \$2,087,857 is unassigned.

Overall, the School District General Fund realized a net budgetary surplus of \$1,665,486, inclusive of encumbrances, at June 30, 2018. Revenues and other financing sources were \$302,565 less than budgeted amounts. Savings of \$1,968,051 were derived on the expenditure side of the budget. The major variances are as follows:

Revenues

- Actual revenue for Charges for Services was \$532,976 less than budgeted. Enrollment of regular and special education 9th – 12th graders from other districts was 5.636 FTE's less than projected. Refunds due to other districts for prior year NRT tuition rate adjustments were more than planned because the rates used for the budget estimate were lower than the final rates calculated by NYS.
- Actual Miscellaneous revenue was \$104,878 higher than budgeted. The largest budget surplus occurred in the following revenue line item:
 1. Revenue for Refund of Prior Year's Expense – Other was \$109,394 higher than budgeted. \$61,831 of the surplus was the result of prior year tuition rate adjustment refunds for Briarcliff Manor Special Education students attending other schools, and \$43,941 was received upon the release of a backlog of NYS payments for prior years of Summer School expenses.
- Actual revenue for State Aid was \$85,903 higher than budgeted. The budget was developed using aid projections provided by the State in the spring of 2017. Actual revenue received varied from the initial projections provided by the State. The largest fluctuations were in these aid categories:
 1. Basic state aid received was higher than projected, resulting in a \$43,243 budget surplus.
 2. BOCES aid received was higher than projected, resulting in a \$42,787 budget surplus.

Expenses

- Employee benefits costs were \$870,623 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.
- Facilities costs were \$424,759 lower than budgeted. Several staff vacancies in Maintenance were not filled during the year, lower utility costs resulted from a relatively mild winter, and

BOCES services were reduced during the year. Costs for repairs and supplies were lower than expected.

- Special education expenses were \$207,524 less than estimated, mainly in the areas of consultations and tuition. Out of district tuition placements did not increase, as anticipated.
- Regular education expenses were \$99,536 lower than projected, mostly because of reduced spending on contractual, textbook, supply, and BOCES expenses. In addition, not as many substitutes were required as expected.
- Pupil services expenses were \$69,510 lower than expected as contractual and supply spending was lower than predicted.
- Transportation expenses were \$60,846 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 \$57,180 less than anticipated due to lower than expected BOCES professional development services, contractual, and supply expenses.
- Instructional media expenses were \$39,387 less than budgeted. Technology supply and contractual expenses, as well as state-aided computer software purchases were lower than estimated.
- The remaining expenditure savings occurred because of lower than anticipated administrative support costs, instructional costs, and savings realized by curtailing discretionary spending in all functional areas. The District also used \$112,239 in reserves which defrayed operating costs.

The School District's General Fund balance decreased by \$60,772, the amount that expenses and other financing uses exceeded revenues and other financing sources.

General Fund Budgetary Highlights

The adopted budget of \$51,466,151 was increased by \$474,711 to arrive at the final budget of \$51,940,862 as follows:

Adopted budget	\$ 51,466,151
Prior year encumbrances	<u>342,472</u>
	<u>51,808,623</u>
Accrued employee benefits due upon termination of certain employees' service during the 2017-18 school year funded by the Employee Benefit Accrued Liability Reserve (EBALR)	107,520
Tax certiorari judgments funded by the Tax Certiorari Reserve	4,719
NYS General Purpose Grant-in-Aid proceeds used to purchase technology supplies for Briarcliff 2.0 initiative	<u>20,000</u>
	<u>132,239</u>
Final Budget	<u><u>\$ 51,940,862</u></u>

Capital Assets

At June 30, 2018, the School District had capital assets of \$44,911,635, 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,	
	2018	2017
Land	\$ 318,215	\$ 318,215
Buildings and Improvements	43,292,781	45,191,547
Machinery and Equipment	1,120,837	1,101,859
Construction-in-Progress	179,802	-
Total Capital Assets, net of accumulated depreciation	<u>\$ 44,911,635</u>	<u>\$ 46,611,621</u>

The change in capital assets during the current fiscal year results primarily from the depreciation expense recorded in 2017-18. Depreciation expense exceeded the capital outlay for new capital assets by \$1,699,986.

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,	
	2018	2017
Bonds Payable	\$ 16,879,049	\$ 20,339,811
Compensated Absences	523,130	578,280
Net Pension Liability	349,423	2,677,602
Other Post Employment Benefit Obligations (OPEB)	85,528,868	92,680,193
Total	<u>\$ 103,280,470</u>	<u>\$ 116,275,886</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 adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, which replaced GASB Statement No. 45. The key difference in the new standard is that the School District must now report the *total OPEB liability* related to its employees. The prior standard allowed for the amortization of prior service cost over a thirty-year period. The School District's July 1, 2017 OPEB liability was restated for the cumulative effect of adopting GASB Statement No. 75. The restatement resulted in an increase to the liability of \$56,682,673. The School District's total OPEB obligation decreased by \$7,151,325 in 2017-18.

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

Conclusion

Financial Discussion

Despite 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 \$7,003,004 for the year ended June 30, 2018. The School District has an unassigned fund balance in the General Fund of \$2,087,857. It has an additional \$3,831,464 in restricted fund balance, and \$1,083,683 as assigned fund balance for use in the 2018-19 budget.

Budget

The School District heavily depends on its real property taxes, which represent approximately 74.9% 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 2018-19 fiscal year with a projected tax levy increase of 1.96%, within the calculated tax levy increase limit of 1.96%.

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: Kathy Ryan
Interim 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, 2018

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 6,556,929
Receivables	
Accounts	51,257
State and Federal aid	333,500
Due from other governments	3,598,354
Net pension asset	981,938
Capital assets	
Not being depreciated	498,017
Being depreciated, net	44,413,618
Total Assets	56,433,613
DEFERRED OUTFLOWS OF RESOURCES	23,468,067
LIABILITIES	
Accounts payable	862,497
Accrued liabilities	210,963
Bond interest and matured bonds payable	5,019
Due to other governments	21,979
Due to retirement systems	2,312,044
Unearned revenues	26,083
Accrued interest payable	41,475
Non-current liabilities	
Due within one year	3,382,000
Due in more than one year	99,898,470
Total Liabilities	106,760,530
DEFERRED INFLOWS OF RESOURCES	20,979,244
NET POSITION	
Net investment in capital assets	28,281,885
Restricted	
Liability and casualty claims	220,109
Debt service	5,798
Tax certiorari	3,157,464
Retirement contributions	62,785
Special purposes	80,494
Unrestricted	(79,646,629)
Total Net Position	\$ (47,838,094)

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, 2018

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	\$ 7,211,773	\$ 79,435	\$ 4,818	\$ -	\$ (7,127,520)
Instruction	41,846,503	3,011,288	699,637	-	(38,135,578)
Pupil transportation	2,194,492	2,801	-	-	(2,191,691)
Cost of food sales	525,929	521,807	3,043	-	(1,079)
Other	1,800	-	848	-	(952)
Interest	509,256	-	-	1,322	(507,934)
Total Governmental Activities	\$ 52,289,753	\$ 3,615,331	\$ 708,346	\$ 1,322	(47,964,754)
General revenues					
Real property taxes					37,283,561
Other tax items					
School tax relief reimbursement					2,856,940
Non-property taxes					
Non-property tax distribution from County					446,207
Unrestricted use of money and property					64,268
Sale of property and compensation for loss					16,414
Unrestricted State aid					5,452,619
Miscellaneous					257,378
Total General Revenues					46,377,387
Change in Net Position					(1,587,367)
Net Position - Beginning, as reported					8,701,317
Cumulative Effect of Change in Accounting Principle					(54,952,044)
Net Position - Beginning, as restated					(46,250,727)
Net Position - Ending					\$ (47,838,094)

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, 2018

	General	Capital Projects
ASSETS		
Cash and equivalents	\$ 6,120,540	\$ 246,161
Receivables		
Accounts	40,898	-
State and Federal aid	135,044	-
Due from other governments	3,598,354	-
Due from other funds	357,429	-
Total Assets	<u>\$ 10,252,265</u>	<u>\$ 246,161</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 705,085	\$ 79,793
Accrued liabilities	210,153	-
Bond interest and matured bonds payable	-	-
Due to other funds	-	166,368
Due to other governments	21,979	-
Due to retirement systems	2,312,044	-
Unearned revenues	-	-
Total Liabilities	<u>3,249,261</u>	<u>246,161</u>
Fund balances		
Restricted	3,831,464	-
Assigned	1,083,683	-
Unassigned	2,087,857	-
Total Fund Balances	<u>7,003,004</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 10,252,265</u>	<u>\$ 246,161</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 190,228	\$ 6,556,929
10,359	51,257
198,456	333,500
-	3,598,354
7,467	364,896
<u>\$ 406,510</u>	<u>\$ 10,904,936</u>

\$ 77,619	\$ 862,497
810	210,963
5,019	5,019
198,528	364,896
-	21,979
-	2,312,044
26,083	26,083
<u>308,059</u>	<u>3,803,481</u>

86,292	3,917,756
12,159	1,095,842
-	2,087,857
<u>98,451</u>	<u>7,101,455</u>
<u>\$ 406,510</u>	<u>\$ 10,904,936</u>

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Briarcliff Manor Union Free School District, New York

Reconciliation of Governmental Funds Balance Sheet to
the District-Wide Statement of Net Position
June 30, 2018

Fund Balances - Total Governmental Funds	<u>\$ 7,101,455</u>
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Amounts Reported for Governmental Activities in the Statement of Net
Position are Different Because

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>44,911,635</u>
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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	249,299
Deferred amounts on net pension assets (liabilities)	10,404,472
Deferred amounts on other post employment benefits	<u>(8,164,948)</u>
	<u>2,488,823</u>

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

Net pension asset	<u>981,938</u>
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Long-term liabilities that are not due and payable in the current
period are not reported in the funds.

Accrued interest payable	(41,475)
Bonds payable	(16,879,049)
Compensated absences	(523,130)
Net pension liability	(349,423)
Other post employment benefit obligations payable	<u>(85,528,868)</u>
	<u>(103,321,945)</u>

Net Position of Governmental Activities	<u><u>\$ (47,838,094)</u></u>
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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, 2018**

	General	Capital Projects
REVENUES		
Real property taxes	\$ 37,283,561	\$ -
Other tax items	2,856,940	-
Non-property taxes	446,207	-
Charges for services	3,014,089	-
Use of money and property	148,521	-
Sale of property and compensation for loss	16,414	-
State aid	5,578,341	-
Federal aid	-	-
Food sales	-	-
Miscellaneous	257,378	-
	<hr/>	<hr/>
Total Revenues	49,601,451	-
	<hr/>	<hr/>
EXPENDITURES		
Current		
General support	6,239,255	-
Instruction	27,929,687	-
Pupil transportation	2,179,350	-
Employee benefits	9,265,205	-
Cost of food sales	-	-
Other	-	-
Debt service		
Principal	3,195,000	-
Interest	681,976	-
Capital outlay	-	300,000
	<hr/>	<hr/>
Total Expenditures	49,490,473	300,000
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	110,978	(300,000)
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers in	155,135	300,000
Transfers out	(326,885)	-
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(171,750)	300,000
	<hr/>	<hr/>
Net Change in Fund Balances	(60,772)	-
	<hr/>	<hr/>
FUND BALANCES		
Beginning of Year	7,063,776	-
	<hr/>	<hr/>
End of Year	\$ 7,003,004	\$ -
	<hr/>	<hr/>

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 37,283,561
-	2,856,940
-	446,207
-	3,014,089
2,170	150,691
3,043	19,457
107,541	5,685,882
432,005	432,005
521,807	521,807
34,369	291,747
1,100,935	50,702,386
-	6,239,255
600,800	28,530,487
-	2,179,350
-	9,265,205
519,847	519,847
1,800	1,800
-	3,195,000
-	681,976
-	300,000
1,122,447	50,912,920
(21,512)	(210,534)
26,885	482,020
(155,135)	(482,020)
(128,250)	-
(149,762)	(210,534)
248,213	7,311,989
\$ 98,451	\$ 7,101,455

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, 2018

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

Net Change in Fund Balances - Total Governmental Funds	\$ (210,534)
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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	336,935
Depreciation expense	(2,036,921)
	<u>(1,699,986)</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.

Principal paid on serial bonds	3,195,000
Amortization of loss on refunding bonds and issuance premium	162,222
	<u>3,357,222</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	10,498
Compensated absences	55,150
Pension liabilities	(355,465)
Other post employment benefit obligations	(2,744,252)
	<u>(3,034,069)</u>

Change in Net Position of Governmental Activities	\$ <u>(1,587,367)</u>
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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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 40,138,000	\$ 37,285,080	\$ 37,283,561	\$ (1,519)
Other tax items	-	2,852,920	2,856,940	4,020
Non-property taxes	411,967	411,967	446,207	34,240
Charges for services	3,547,065	3,547,065	3,014,089	(532,976)
Use of money and property	162,046	162,046	148,521	(13,525)
Sale of property and compensation for loss	-	-	16,414	16,414
State aid	5,472,438	5,492,438	5,578,341	85,903
Miscellaneous	152,500	152,500	257,378	104,878
Total Revenues	49,884,016	49,904,016	49,601,451	(302,565)
EXPENDITURES				
Current				
General support	6,834,129	6,901,502	6,239,255	662,247
Instruction	28,238,855	28,451,051	27,929,687	521,364
Pupil transportation	2,239,366	2,240,196	2,179,350	60,846
Employee benefits	10,294,297	10,144,252	9,265,205	879,047
Debt service				
Principal	3,195,000	3,195,000	3,195,000	-
Interest	681,976	681,976	681,976	-
Total Expenditures	51,483,623	51,613,977	49,490,473	2,123,504
Excess (Deficiency) of Revenues Over Expenditures	(1,599,607)	(1,709,961)	110,978	1,820,939
OTHER FINANCING SOURCES (USES)				
Transfers in	155,135	155,135	155,135	-
Transfers out	(325,000)	(326,885)	(326,885)	-
Total Other Financing Uses	(169,865)	(171,750)	(171,750)	-
Net Change in Fund Balance	(1,769,472)	(1,881,711)	(60,772)	1,820,939
FUND BALANCE				
Beginning of Year	1,769,472	1,881,711	7,063,776	5,182,065
End of Year	\$ -	\$ -	\$ 7,003,004	\$ 7,003,004

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, 2018

	Agency Fund
ASSETS	
Cash and equivalents	<u>\$ 176,675</u>
LIABILITIES	
Escrow deposits	\$ 81,363
Student activity funds	<u>95,312</u>
Total Liabilities	<u>\$ 176,675</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 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.

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 than quoted prices in active markets which may include quoted prices for similar assets or

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2018.

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, 2018, 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 \$813 in the Special Aid Fund for State, Federal and local grants received in advance and \$25,270 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)

Deferred outflows and inflows of resources have been reported on the district-wide Statement of Net Position for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
New York State Teachers' Retirement System	\$ 13,231,200	\$ 2,781,012
New York State and Local Employees' Retirement System	1,174,822	1,220,538
Other Post Employment Benefits	8,812,746	16,977,694
Deferred Loss on Refunding Bonds	249,299	-
	<u>\$ 23,468,067</u>	<u>\$ 20,979,244</u>

The School District reported deferred outflows of resources for a deferred loss on refunding bonds in the district-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 amounts reported as deferred outflows of resources and deferred inflows of resources in relation to the School District's pension and other postemployment benefit obligations detailed Note 3D.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 and special purposes. The balance is classified as unrestricted.

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

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

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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 18, 2018.

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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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 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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

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.

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

D. Cumulative Effect of Change in Accounting Principle

For the year ended June 30, 2018, the School District implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB")". This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governments by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. As a result of adopting these standards, the district-wide financial statements reflect a cumulative effect for the change in accounting principle of \$(54,952,044).

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, 2018 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 357,429	\$ -
Capital Projects	-	166,368
Non-Major Governmental	7,467	198,528
	<u>\$ 364,896</u>	<u>\$ 364,896</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.

Briarcliff Manor Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2018

Note 3 - Detailed Notes on All Funds (Continued)**B. Capital Assets**

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

<u>Class</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Balance June 30, 2018</u>
Capital Assets, not being depreciated			
Land	\$ 318,215	\$ -	\$ 318,215
Construction-in-progress	-	179,802	179,802
Total Capital Assets, not being depreciated	<u>\$ 318,215</u>	<u>\$ 179,802</u>	<u>\$ 498,017</u>
Capital Assets, being depreciated			
Buildings and Improvements	\$ 70,774,685	\$ 28,520	\$ 70,803,205
Machinery and Equipment	2,321,073	128,613	2,449,686
Total Capital Assets, being depreciated	<u>73,095,758</u>	<u>157,133</u>	<u>73,252,891</u>
Less Accumulated Depreciation for			
Buildings and Improvements	25,583,138	1,927,286	27,510,424
Machinery and Equipment	1,219,214	109,635	1,328,849
Total Accumulated Depreciation	<u>26,802,352</u>	<u>2,036,921</u>	<u>28,839,273</u>
Total Capital Assets, being depreciated, net	<u>\$ 46,293,406</u>	<u>\$ (1,879,788)</u>	<u>\$ 44,413,618</u>
Capital Assets, net	<u>\$ 46,611,621</u>	<u>\$ (1,699,986)</u>	<u>\$ 44,911,635</u>

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

General Support	\$ 48,233
Instruction	1,982,606
Cost of Food Sales	<u>6,082</u>
Total Depreciation Expense	<u>\$ 2,036,921</u>

C. Accrued Liabilities

Accrued liabilities at June 30, 2018 were as follows:

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Total</u>
Payroll and employee benefits	<u>\$ 210,153</u>	<u>\$ 810</u>	<u>\$ 210,963</u>

Briarcliff Manor Union Free School District, New York

Notes to Financial Statements (Continued) June 30, 2018

Note 3 - Detailed Notes on All Funds (Continued)

D. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2018:

	Balance as reported, July 1, 2017	Cumulative Effect of Change in Accounting Principle*	Balance as Restated, July 1, 2017	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2018	Due Within One-Year
Bonds Payable	\$ 19,450,000	\$ -	\$ 19,450,000	\$ -	\$ 3,195,000	\$ 16,255,000	\$ 3,330,000
Plus							
Unamortized premium on bonds	889,811	-	889,811	-	265,762	624,049	-
	<u>20,339,811</u>	<u>-</u>	<u>20,339,811</u>	<u>-</u>	<u>3,460,762</u>	<u>16,879,049</u>	<u>3,330,000</u>
Other Non-current Liabilities							
Compensated Absences	578,280	-	578,280	4,850	60,000	523,130	52,000
Net Pension Liability	2,677,602	-	2,677,602	-	2,328,179	349,423	-
Other Post Employment Benefit Obligations	35,997,520	56,682,673	92,680,193	(5,420,696)	1,730,629	85,528,868	-
	<u>39,253,402</u>	<u>56,682,673</u>	<u>95,936,075</u>	<u>(5,415,846)</u>	<u>4,118,808</u>	<u>86,401,421</u>	<u>52,000</u>
	<u>\$ 59,593,213</u>	<u>\$ 56,682,673</u>	<u>\$ 116,275,886</u>	<u>\$ (5,415,846)</u>	<u>\$ 7,579,570</u>	<u>\$ 103,280,470</u>	<u>\$ 3,382,000</u>

*See Note 2D.

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

Bonds Payable

Bonds payable at June 30, 2018 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2018
Refunding Bonds	2011	\$ 10,115,000	June, 2020	4.00 - 5.000 %	\$ 2,610,000
Refunding Bonds	2011	10,650,000	November, 2020	5.000	4,110,000
BOCES Project	2015	450,000	June, 2023	2.25 - 2.875	290,000
Serial Bonds	2016	10,375,000	June, 2030	2.50 - 3.000	8,760,000
Serial Bonds	2017	575,000	June, 2025	1.75 - 2.000	485,000
					<u>\$ 16,255,000</u>

Interest expenditures of \$681,976 were recorded in the fund financial statements in the General Fund. Interest expense of \$509,256 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, 2018 including interest payments of \$2,232,050 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 3,330,000	\$ 551,887
2020	3,485,000	403,125
2021	2,240,000	253,688
2022	820,000	198,175
2023	840,000	178,051
2024-2028	3,980,000	578,424
2029-2030	1,560,000	68,700
	<u>\$ 16,255,000</u>	<u>\$ 2,232,050</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*New York State and Local Retirement System and Teachers' 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

Note 3 - Detailed Notes on All Funds (Continued)

may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also 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.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 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. 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 rates for the plans' year ending in 2018 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I 41J	21.7 %
	3 A14 41J	16.1
	4 A15 41J	16.1
	5 A15 41J	13.2
	6 A15 41J1	9.4
	6 A15 41J2	9.4
TRS	1-6	9.8 %

At June 30, 2018, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Net pension liability (asset)	\$ 349,423	\$ (981,938)
School Districts' proportion of the net pension liability (asset)	0.0108266 %	0.129185 %
Change in proportion since the prior measurement date	(0.0024325) %	(0.004493) %

Briarcliff Manor Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2018

Note 3 - Detailed Notes on All Funds (Continued)

The net pension liability (asset) was measured as of March 31, 2018 for ERS and June 30, 2018 for TRS and the total pension liability used to calculate the net pension liability (asset) were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS 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. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2018, the School District recognized pension expense in the district-wide financial statements of \$2,970,532 (\$450,021 for ERS and \$2,520,511 for TRS). Pension expenditures of \$535,453 for ERS and \$2,079,614 for TRS were recorded in the fund financial statements and were charged to the General Fund.

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 124,628	\$ 102,988	\$ 807,894	\$ 382,846
Changes of assumptions	231,697	-	9,991,409	-
Net difference between projected and actual earnings on pension plan investments	507,510	1,001,774	-	2,312,748
Changes in proportion and differences between School District contributions and proportionate share of contributions	171,096	115,776	353,123	85,418
School District contributions subsequent to the measurement date	139,891	-	2,078,774	-
	<u>\$ 1,174,822</u>	<u>\$ 1,220,538</u>	<u>\$ 13,231,200</u>	<u>\$ 2,781,012</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 932,522	\$ 485,834		
Changes of assumptions	10,223,106	-		
Net difference between projected and actual earnings on pension plan investments	507,510	3,314,522		
Changes in proportion and differences between School District contributions and proportionate share of contributions	524,219	201,194		
School District contributions subsequent to the measurement date	2,218,665	-		
	<u>\$ 14,406,022</u>	<u>\$ 4,001,550</u>		

Note 3 - Detailed Notes on All Funds (Continued)

\$139,891 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 plan's year ended March 31, 2019. The \$2,078,774 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>March 31, ERS</u>	<u>June 30, TRS</u>
2019	\$ 99,840	\$ 278,357
2020	79,872	2,694,546
2021	(240,242)	1,942,799
2022	(125,077)	520,732
2023	-	1,937,295
Thereafter	-	997,685

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Investment rate of return	7.0% *	7.25% *
Salary scale	3.8%	1.90%-4.72%
Inflation rate	2.5%	2.5%
Cost of living adjustments	1.3%	1.5%

*Compounded annually, net of pension plan investment expenses, including inflation.

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

For ERS, 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

Note 3 - Detailed Notes on All Funds (Continued)

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.

For TRS, 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 the target asset allocation is summarized in the following table:

Asset Type	ERS March 31, 2018		TRS June 30, 2017	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.55 %	35 %	5.90 %
International Equity	14	6.35	18	7.40
Private Equity	10	7.50	8	9.00
Real Estate	10	5.55	11	4.30
Domestic Fixed Income Securities	-	-	16	1.60
Global Fixed Income Securities	-	-	2	1.30
High Yield Fixed Income Securities	-	-	1	3.90
Short-Term	-	-	1	0.60
Absolute Return Strategies	2	3.75	-	-
Opportunistic Portfolio	3	5.68	-	-
Real Assets	3	5.29	-	-
Bonds and Mortgages	17	1.31	8	2.80
Cash	1	(0.25)	-	-
Inflation Indexed Bonds	4	1.25	-	-
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.2% for TRS.

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined.

Note 3 - Detailed Notes on All Funds (Continued)

Based upon those assumptions, the System'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% for ERS and 7.25% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0% for ERS and 6.25% for TRS) or 1 percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 2,643,832</u>	<u>\$ 349,423</u>	<u>\$ (1,591,554)</u>
	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 16,915,882</u>	<u>\$ (981,938)</u>	<u>\$ (15,970,473)</u>

The components of the collective net pension liability as of the March 31, 2018 ERS measurement date and the June 30, 2017 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	<u>\$ 183,400,590,000</u>	<u>\$ 114,708,261,032</u>
Fiduciary net position	<u>180,173,145,000</u>	<u>115,468,360,316</u>
Employers' net pension liability (asset)	<u>\$ 3,227,445,000</u>	<u>\$ (760,099,284)</u>
Fiduciary net position as a percentage of total pension liability	<u>98.24%</u>	<u>100.66%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2018 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, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Note 3 - Detailed Notes on All Funds (Continued)

Accrued retirement contributions as of June 30, 2018 were \$139,891 to ERS and \$2,172,153 to TRS inclusive of \$93,379 of employee contributions.

Other Post Employment Benefit Obligations (“OPEB”)

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB 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 as noted below. 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *“Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”*, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	145
Active employees	<u>247</u>
	<u>392</u>

The School District’s total OPEB liability of \$85,528,868 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2%
Salary increases	2%, average, including inflation
Discount rate	3.6%
Healthcare cost trend rates	3.6% for 2018
Retirees' share of benefit-related costs	Depending on the date of hire, years of service and job classification employees 5% of the cost

The discount rate was calculated using a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Mortality rates were based on the RPH-2014 Mortality Table for employees and healthy annuitants, sex distinct, with generational mortality adjusted to 2006 using Scale MP-2014, and projected forward with Scale MP-2017.

The actuarial assumptions used in the July 1, 2017 valuation were based on entry age normal-level percent of pay.

Briarcliff Manor Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2018

Note 3 - Detailed Notes on All Funds (Continued)

The School District's change in the total OPEB liability for the year ended June 30, 2018 is as follows:

Total OPEB Liability - Beginning of Year	\$ 92,680,193
Service cost	3,687,903
Interest	2,721,830
Changes of benefit terms	(3,933)
Differences between expected and actual experience	8,150,790
Changes in assumptions or other inputs	(19,977,286)
Benefit payments	<u>(1,730,629)</u>
Total OPEB Liability - End of Year	<u>\$ 85,528,868</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.6%) or 1 percentage point higher (4.6%) than the current discount rate:

	1% Decrease 2.60%	Current Assumption 3.60%	1% Increase 4.60%
Total OPEB Liability	<u>\$ 102,733,431</u>	<u>\$ 85,528,868</u>	<u>\$ 71,985,895</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (2.6%) or 1 percentage point higher (4.6%) than the current healthcare cost trend rates:

	1% Decrease 2.60%	Healthcare Cost Trend Rates 3.60%	1% Increase 4.60%
Total OPEB Liability	<u>\$ 70,477,716</u>	<u>\$ 85,528,868</u>	<u>\$ 105,359,938</u>

For the year ended June 30, 2018, the School District recognized OPEB expense of \$4,630,050 in the district-wide financial statements. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Briarcliff Manor Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2018

Note 3 - Detailed Notes on All Funds (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ -	\$ 16,977,694
Differences between expected and actual experience	6,926,948	-
School district contributions subsequent to the measurement date	1,885,798	-
	<u>\$ 8,812,746</u>	<u>\$ 16,977,694</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources, except for contribution subject to the measurement date, related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2019	\$ (1,775,750)
2020	(1,775,750)
2021	(1,775,750)
2022	(1,775,750)
2023 and Thereafter	(2,947,746)

E. 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	\$ 300,000	\$ 26,885	\$ 326,885
Non-Major Governmental Funds	-	155,135	155,135
	<u>\$ 300,000</u>	<u>\$ 182,020</u>	<u>\$ 482,020</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 Debt Service Fund to the General Fund to offset debt service costs.

Note 3 - Detailed Notes on All Funds (Continued)

F. 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.

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 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, 2018

Note 3 - Detailed Notes on All Funds (Continued)

G. Fund Balances

	2018			2017		
	General Fund	Non-Major Governmental Funds	Total	General Fund	Non-Major Governmental Funds	Total
Restricted						
Liability and casualty claims	\$ 220,109	\$ -	\$ 220,109	\$ 120,000	\$ -	\$ 120,000
Tax certiorari	3,157,464	-	3,157,464	2,655,322	-	2,655,322
Employee benefit accrued liability	391,106	-	391,106	428,012	-	428,012
Retirement contributions	62,785	-	62,785	62,691	-	62,691
Debt service	-	5,798	5,798	-	159,611	159,611
Special purposes	-	80,494	80,494	-	81,446	81,446
Total Restricted	3,831,464	86,292	3,917,756	3,266,025	241,057	3,507,082
Assigned						
Purchases on order						
General government support	118,713	-	118,713	221,953	-	221,953
Instruction	28,316	-	28,316	120,519	-	120,519
Employee benefits	8,424	-	8,424	-	-	-
	155,453	-	155,453	342,472	-	342,472
Subsequent year's expenditures	928,230	-	928,230	1,427,000	-	1,427,000
School Lunch Fund	-	12,159	12,159	-	7,156	7,156
Total Assigned	1,083,683	12,159	1,095,842	1,769,472	7,156	1,776,628
Unassigned	2,087,857	-	2,087,857	2,028,279	-	2,028,279
Total Fund Balances	\$ 7,003,004	\$ 98,451	\$ 7,101,455	\$ 7,063,776	\$ 248,213	\$ 7,311,989

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, 2018, 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 is the defendant in 4 separate cases filed by the parents of the students for reimbursement of tuition costs totaling approximately \$334,400. The hearing process has not yet commenced and it is too early to establish the likelihood of success on the merits.

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.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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.

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 four 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.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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.

Briarcliff Manor Union Free School District, New York**Required Supplementary Information - Schedule of Changes in the
School District's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years (1) (2)**

	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 3,687,903
Interest	2,721,830
Changes of benefit terms	(3,933)
Differences between expected and actual experience	8,150,790
Changes of assumptions or other inputs	(19,977,286) (3)
Benefit payments	<u>(1,730,629)</u>
Net Change in Total OPEB Liability	(7,151,325)
Total OPEB Liability – Beginning of Year	<u>92,680,193 (4)</u>
Total OPEB Liability – End of Year	<u>\$ 85,528,868</u>
School District's covered-employee payroll	<u>\$ 23,969,449</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>357%</u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*.

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) The discount rate used to calculate the total OPEB liability was increased from 2.85% to 3.6% effective with the July 1, 2017 measurement date.

(4) Restated for the implementation of the provisions of GASB Statement No. 75.

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)

	2018 (3)	2017 (2)	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.129185%</u>	<u>0.133678%</u>	<u>0.134090%</u>	<u>0.130501%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (981,938)</u>	<u>\$ 1,431,746</u>	<u>\$ (13,927,712)</u>	<u>\$ (14,536,985)</u>
School District's covered payroll	<u>\$ 20,471,642</u>	<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 covered payroll	<u>4.80%</u>	<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>100.66%</u>	<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.

(3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,078,774	\$ 2,399,276	\$ 2,735,089	\$ 3,530,925
Contributions in relation to the contractually required contribution	<u>(2,078,774)</u>	<u>(2,399,276)</u>	<u>(2,735,089)</u>	<u>(3,530,925)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 21,211,982</u>	<u>\$ 20,471,642</u>	<u>\$ 20,626,611</u>	<u>\$ 20,142,187</u>
Contributions as a percentage of covered payroll	<u>9.80%</u>	<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)

	2018	2017	2016 (2)	2015
School District's proportion of the net pension liability	<u>0.0108266%</u>	<u>0.0132591%</u>	<u>0.0126075%</u>	<u>0.0134211%</u>
School District's proportionate share of the net pension liability	<u>\$ 349,423</u>	<u>\$ 1,245,856</u>	<u>\$ 2,023,533</u>	<u>\$ 453,397</u>
School District's covered payroll	<u>\$ 3,531,776</u>	<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 as a percentage of its covered payroll	<u>9.89%</u>	<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>98.24%</u>	<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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 523,920	\$ 604,321	\$ 619,687	\$ 662,469
Contributions in relation to the contractually required contribution	<u>(523,920)</u>	<u>(604,321)</u>	<u>(619,687)</u>	<u>(662,469)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 3,561,334</u>	<u>\$ 3,396,256</u>	<u>\$ 3,896,508</u>	<u>\$ 3,507,633</u>
Contributions as a percentage of covered payroll	<u>14.71%</u>	<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.

Briarcliff Manor Union Free School District, New York

General Fund
Comparative Balance Sheet
June 30,

	2018	2017
ASSETS		
Cash and equivalents	\$ 6,120,540	\$ 7,852,579
Receivables		
Accounts	40,898	24,521
State and Federal aid	135,044	103,311
Due from other governments	3,598,354	2,271,687
Due from other funds	357,429	804,280
	4,131,725	3,203,799
Total Assets	\$ 10,252,265	\$ 11,056,378
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 705,085	\$ 921,779
Accrued liabilities	210,153	69,177
Due to other funds	-	330,325
Due to other governments	21,979	53,430
Due to retirement systems	2,312,044	2,617,431
Unearned revenues	-	460
Total Liabilities	3,249,261	3,992,602
Fund balance		
Restricted	3,831,464	3,266,025
Assigned	1,083,683	1,769,472
Unassigned	2,087,857	2,028,279
Total Fund Balance	7,003,004	7,063,776
Total Liabilities and Fund Balance	\$ 10,252,265	\$ 11,056,378

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,

	2018				
	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
REVENUES					
Real property taxes	\$ 40,138,000	\$ 37,285,080	\$ 37,283,561	\$	\$ (1,519)
Other tax items	-	2,852,920	2,856,940		4,020
Non-property taxes	411,967	411,967	446,207		34,240
Charges for services	3,547,065	3,547,065	3,014,089		(532,976)
Use of money and property	162,046	162,046	148,521		(13,525)
Sale of property and compensation for loss	-	-	16,414		16,414
State aid	5,472,438	5,492,438	5,578,341		85,903
Miscellaneous	152,500	152,500	257,378		104,878
Total Revenues	49,884,016	49,904,016	49,601,451		(302,565)
EXPENDITURES					
Current					
General support					
Board of education	61,119	62,277	38,331	2,499	21,447
Central administration	378,392	312,447	299,255	-	13,192
Finance	764,940	791,684	759,323	7,903	24,458
Staff	355,703	403,208	372,969	-	30,239
Central services	4,724,785	4,786,188	4,251,957	108,311	425,920
Special items	549,190	545,698	517,420	-	28,278
Total General Support	6,834,129	6,901,502	6,239,255	118,713	543,534
Instruction					
Instruction, administration and improvement	2,151,605	2,324,924	2,267,244	500	57,180
Teaching - Regular school	15,575,999	15,559,464	15,456,309	3,619	99,536
Programs for students with disabilities	4,732,387	5,017,560	4,810,036	-	207,524
Occupational education	170,930	170,930	152,414	-	18,516
Teaching - Special schools	4,000	4,000	2,605	-	1,395
Instructional media	2,615,562	2,342,550	2,284,220	18,943	39,387
Pupil services	2,988,372	3,031,623	2,956,859	5,254	69,510
Total Instruction	28,238,855	28,451,051	27,929,687	28,316	493,048
Pupil transportation	2,239,366	2,240,196	2,179,350	-	60,846
Employee benefits	10,294,297	10,144,252	9,265,205	8,424	870,623
Debt service					
Principal	3,195,000	3,195,000	3,195,000	-	-
Interest	681,976	681,976	681,976	-	-
Total Expenditures	51,483,623	51,613,977	49,490,473	155,453	1,968,051
Excess (Deficiency) of Revenues Over Expenditures	(1,599,607)	(1,709,961)	110,978	(155,453)	1,665,486
OTHER FINANCING SOURCES (USES)					
Transfers in	155,135	155,135	155,135	-	-
Transfers out	(325,000)	(326,885)	(326,885)	-	-
Total Other Financing Uses	(169,865)	(171,750)	(171,750)	-	-
Net Change in Fund Balance	(1,769,472)	(1,881,711)	(60,772)	\$ (155,453)	\$ 1,665,486
FUND BALANCE					
Beginning of Year	1,769,472	1,881,711	7,063,776		
End of Year	\$ -	\$ -	\$ 7,003,004		

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 39,704,492	\$ 36,683,182	\$ 36,683,182	\$	\$ -
-	3,021,310	3,021,310		-
400,000	400,000	417,659		17,659
4,042,551	4,042,551	4,594,575		552,024
55,000	55,000	64,250		9,250
-	-	2,876		2,876
5,251,826	5,251,826	5,432,779		180,953
152,000	152,000	309,679		157,679
49,605,869	49,605,869	50,526,310		920,441
61,110	54,073	36,878	-	17,195
349,376	375,113	366,975	-	8,138
757,534	783,649	745,852	6,334	31,463
374,290	377,317	355,377	3,000	18,940
4,446,630	4,304,349	3,916,963	212,619	174,767
553,035	528,242	499,777	-	28,465
6,541,975	6,422,743	5,921,822	221,953	278,968
2,050,351	2,174,221	2,120,443	-	53,778
15,600,643	15,462,257	15,215,276	28,087	218,894
4,657,046	4,884,508	4,359,014	1,430	524,064
130,296	167,628	167,628	-	-
4,000	4,000	2,099	-	1,901
2,374,892	2,731,260	2,637,132	79,881	14,247
2,879,226	3,032,066	2,878,518	11,121	142,427
27,696,454	28,455,940	27,380,110	120,519	955,311
2,195,822	2,201,322	2,098,298	-	103,024
10,046,055	9,441,980	9,116,034	-	325,946
3,030,000	3,030,000	3,030,000	-	-
837,601	837,601	821,722	-	15,879
50,347,907	50,389,586	48,367,986	342,472	1,679,128
(742,038)	(783,717)	2,158,324	(342,472)	2,599,569
-	-	-	-	-
(345,000)	(347,522)	(347,522)	-	-
(345,000)	(347,522)	(347,522)	-	-
(1,087,038)	(1,131,239)	1,810,802	\$ (342,472)	\$ 2,599,569
1,087,038	1,131,239	5,252,974		
\$ -	\$ -	\$ 7,063,776		

Briarcliff Manor Union Free School District, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	<u>\$ 40,138,000</u>	<u>\$ 37,285,080</u>	<u>\$ 37,283,561</u>	<u>\$ (1,519)</u>
OTHER TAX ITEMS				
School tax relief reimbursement	<u>-</u>	<u>2,852,920</u>	<u>2,856,940</u>	<u>4,020</u>
NON-PROPERTY TAXES				
Non-property tax distribution from County	<u>411,967</u>	<u>411,967</u>	<u>446,207</u>	<u>34,240</u>
CHARGES FOR SERVICES				
Day school tuition	3,510,613	3,510,613	2,976,477	(534,136)
Other student fees and charges	36,452	36,452	34,811	(1,641)
Transportation services for other districts	<u>-</u>	<u>-</u>	<u>2,801</u>	<u>2,801</u>
	<u>3,547,065</u>	<u>3,547,065</u>	<u>3,014,089</u>	<u>(532,976)</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	13,715	13,715	69,086	55,371
Rental of real property - Individuals	<u>148,331</u>	<u>148,331</u>	<u>79,435</u>	<u>(68,896)</u>
	<u>162,046</u>	<u>162,046</u>	<u>148,521</u>	<u>(13,525)</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	-	-	10,216	10,216
Minor sales	-	-	344	344
Other compensation for loss	<u>-</u>	<u>-</u>	<u>5,854</u>	<u>5,854</u>
	<u>-</u>	<u>-</u>	<u>16,414</u>	<u>16,414</u>

STATE AID

Basic formula	3,692,073	3,317,051	3,360,294	43,243
BOCES aid	1,654,516	1,654,516	1,697,303	42,787
Lottery aid	-	375,022	375,022	-
Textbook aid	86,793	86,793	86,560	(233)
Computer software/hardware aid	29,787	29,787	29,869	82
Library aid	9,269	9,269	9,293	24
Other	-	20,000	20,000	-
	<u>5,472,438</u>	<u>5,492,438</u>	<u>5,578,341</u>	<u>85,903</u>

MISCELLANEOUS

Refund of prior year's expenditures	20,000	20,000	129,394	109,394
Refund of prior year's expenditures-BOCES	50,000	50,000	70,705	20,705
Other	82,500	82,500	57,279	(25,221)
	<u>152,500</u>	<u>152,500</u>	<u>257,378</u>	<u>104,878</u>

TOTAL REVENUES

49,884,016	49,904,016	49,601,451	(302,565)
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OTHER FINANCING SOURCES

Transfers in				
Debt Service Fund	<u>155,135</u>	<u>155,135</u>	<u>155,135</u>	<u>-</u>

**TOTAL REVENUES AND OTHER
FINANCING SOURCES**

<u>\$ 50,039,151</u>	<u>\$ 50,059,151</u>	<u>\$ 49,756,586</u>	<u>\$ (302,565)</u>
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See independent auditors' report.

Briarcliff Manor Union Free School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
<i>BOARD OF EDUCATION</i>					
Board of education	\$ 30,748	\$ 31,906	\$ 16,962	\$ 2,499	\$ 12,445
District clerk	23,341	23,341	18,891	-	4,450
District meeting	7,030	7,030	2,478	-	4,552
Total Board of Education	61,119	62,277	38,331	2,499	21,447
<i>CENTRAL ADMINISTRATION</i>					
Chief school administrator	378,392	312,447	299,255	-	13,192
<i>FINANCE</i>					
Business administration	552,783	567,547	545,813	794	20,940
Accounting and auditing	78,400	83,620	72,993	7,109	3,518
Treasurer	133,757	140,517	140,517	-	-
Total Finance	764,940	791,684	759,323	7,903	24,458
<i>STAFF</i>					
Legal	150,000	150,000	141,293	-	8,707
Personnel	114,281	133,414	128,176	-	5,238
Records management officer	21,572	43,144	36,300	-	6,844
Public information and services	69,850	76,650	67,200	-	9,450
Total Staff	355,703	403,208	372,969	-	30,239

CENTRAL SERVICES

Operation and maintenance of plant	4,281,351	4,162,205	3,629,135	108,311	424,759
Central printing and mailing	21,000	25,074	25,074	-	-
Central data processing	422,434	598,909	597,748	-	1,161

Total Central Services

4,724,785	4,786,188	4,251,957	108,311	425,920
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SPECIAL ITEMS

Unallocated insurance	210,120	210,120	202,519	-	7,601
School association dues	24,000	24,000	20,408	-	3,592
Assessments on school property	40,000	40,000	34,181	-	5,819
Refunds of real property taxes	-	4,020	4,020	-	-
Judgments and claims	25,000	15,986	4,720	-	11,266
Administrative charge - BOCES	250,070	251,572	251,572	-	-

Total Special Items

549,190	545,698	517,420	-	28,278
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Total General Support

6,834,129	6,901,502	6,239,255	118,713	543,534
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INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	715,652	802,316	762,436	-	39,880
Supervision - Regular school	1,428,953	1,515,608	1,498,808	500	16,300
Research, planning and evaluation	7,000	7,000	6,000	-	1,000

Total Instruction, Administration
and Improvement

2,151,605	2,324,924	2,267,244	500	57,180
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TEACHING - REGULAR SCHOOL

15,575,999	15,559,464	15,456,309	3,619	99,536
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**PROGRAMS FOR STUDENTS WITH
DISABILITIES**

4,732,387	5,017,560	4,810,036	-	207,524
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OCCUPATIONAL EDUCATION

170,930	170,930	152,414	-	18,516
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TEACHING - SPECIAL SCHOOLS

4,000	4,000	2,605	-	1,395
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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, 2018

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
<i>INSTRUCTIONAL MEDIA</i>					
School library and audiovisual	\$ 315,687	\$ 324,930	\$ 322,626	\$ 341	\$ 1,963
Computer assisted instruction	2,299,875	2,017,620	1,961,594	18,602	37,424
Total Instructional Media	2,615,562	2,342,550	2,284,220	18,943	39,387
<i>PUPIL SERVICES</i>					
Guidance - Regular school	805,778	782,378	765,274	726	16,378
Health services - Regular school	432,140	477,735	465,119	-	12,616
Psychological services - Regular school	418,748	419,502	417,897	-	1,605
Social work services - Regular school	202,742	137,981	137,981	-	-
Pupil personnel services - Special schools	1,700	1,700	-	-	1,700
Co-curricular activities - Regular school	285,188	323,461	297,928	1,528	24,005
Interscholastic athletics - Regular school	842,076	888,866	872,660	3,000	13,206
Total Pupil Services	2,988,372	3,031,623	2,956,859	5,254	69,510
Total Instruction	28,238,855	28,451,051	27,929,687	28,316	493,048
<i>PUPIL TRANSPORTATION</i>					
District transportation services	46,403	47,234	42,134	-	5,100
Contract and public carrier transportation	2,192,963	2,192,962	2,137,216	-	55,746
Total Pupil Transportation	2,239,366	2,240,196	2,179,350	-	60,846

EMPLOYEE BENEFITS

State retirement	712,678	652,685	535,453	-	117,232
Teachers' retirement	2,356,891	2,351,391	2,079,614	-	271,777
Social security	1,951,399	1,951,399	1,849,661	-	101,738
Hospital, medical and dental insurance	4,620,359	4,431,348	4,132,189	-	299,159
Unemployment benefits	80,000	67,540	14,170	-	53,370
Disability insurance	67,200	67,200	56,166	-	11,034
Life insurance	24,000	24,000	23,615	-	385
Workers' compensation benefits	135,000	135,000	119,280	-	15,720
Union welfare benefits	284,000	290,319	281,687	8,424	208
Other	62,770	173,370	173,370	-	-
Total Employee Benefits	10,294,297	10,144,252	9,265,205	8,424	870,623

DEBT SERVICE

Serial Bonds					
Principal	3,195,000	3,195,000	3,195,000	-	-
Interest	681,976	681,976	681,976	-	-
Total Debt Service	3,876,976	3,876,976	3,876,976	-	-

TOTAL EXPENDITURES

51,483,623	51,613,977	49,490,473	155,453	1,968,051
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OTHER FINANCING USES

Transfers out					
Special Aid Fund	25,000	26,885	26,885	-	-
Capital Projects Fund	300,000	300,000	300,000	-	-
TOTAL OTHER FINANCING USES	325,000	326,885	326,885	-	-

TOTAL EXPENDITURES AND OTHER FINANCING USES

\$ 51,808,623	\$ 51,940,862	\$ 49,817,358	\$ 155,453	\$ 1,968,051
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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>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	\$ 246,161	\$ 452,189
Due from other funds	<u>-</u>	<u>330,325</u>
 Total Assets	 <u><u>\$ 246,161</u></u>	 <u><u>\$ 782,514</u></u>
 LIABILITIES		
Accounts payable	\$ 79,793	\$ 15,874
Due to other funds	<u>166,368</u>	<u>766,640</u>
 Total Liabilities	 <u><u>\$ 246,161</u></u>	 <u><u>\$ 782,514</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>2018</u>	<u>2017</u>
REVENUES		
State aid	\$ -	\$ 325,448
EXPENDITURES		
Capital outlay	<u>300,000</u>	<u>625,448</u>
Deficiency of Revenues Over Expenditures	<u>(300,000)</u>	<u>(300,000)</u>
OTHER FINANCING SOURCES (USES)		
Bonds issued	-	575,000
Transfers in	300,000	325,000
Transfers out	<u>-</u>	<u>(155,135)</u>
Total Other Financing Sources	<u>300,000</u>	<u>744,865</u>
Net Change in Fund Balance	-	444,865
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>-</u>	<u>(444,865)</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2018

PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
Facilities Improvements:				
MS/HS Stormwater Culvert/Door Replacement	\$ -	\$ -	\$ 179,802	\$ 179,802
MS/HS Painting	-	-	35,567	35,567
MS/HS Main Fire Alarm Panel	-	-	28,520	28,520
District-Wide Concrete Sidewalk Improvements	-	-	32,313	32,313
District-Wide Door Replacement	-	-	23,798	23,798
Totals	\$ 300,000	\$ -	\$ 300,000	\$ 300,000

Unexpended Balance	Method of Financing	Fund Balance at June 30, 2018
	Transfers	
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ -</u>

Briarcliff Manor Union Free School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018
(With Comparative Totals for 2017)

	Special Aid	School Lunch	Special Purpose
ASSETS			
Cash and equivalents	\$ 42,056	\$ 64,256	\$ 80,494
Receivables			
Accounts	10,359	-	-
State and Federal aid	198,456	-	-
Due from other funds	-	-	-
	208,815	-	-
Total Assets	<u>\$ 250,871</u>	<u>\$ 64,256</u>	<u>\$ 80,494</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 50,792	\$ 26,827	\$ -
Accrued liabilities	810	-	-
Bond interest and matured bonds payable	-	-	-
Due to other funds	198,456	-	-
Unearned revenues	813	25,270	-
Total Liabilities	<u>250,871</u>	<u>52,097</u>	<u>-</u>
Fund balances			
Restricted	-	-	80,494
Assigned	-	12,159	-
Total Fund Balances	<u>-</u>	<u>12,159</u>	<u>80,494</u>
Total Liabilities and Fund Balances	<u>\$ 250,871</u>	<u>\$ 64,256</u>	<u>\$ 80,494</u>

See independent auditors' report.

Debt Service	Total Non-Major Governmental Funds	
	2018	2017
\$ 3,422	\$ 190,228	\$ 153,653
-	10,359	12,737
-	198,456	198,883
7,467	7,467	161,315
7,467	216,282	372,935
<u>\$ 10,889</u>	<u>\$ 406,510</u>	<u>\$ 526,588</u>
\$ -	\$ 77,619	\$ 45,665
-	810	-
5,019	5,019	5,019
72	198,528	198,955
-	26,083	28,736
5,091	308,059	278,375
5,798	86,292	241,057
-	12,159	7,156
5,798	98,451	248,213
<u>\$ 10,889</u>	<u>\$ 406,510</u>	<u>\$ 526,588</u>

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, 2018
(With Comparative Totals for 2017)

	Special Aid	School Lunch	Special Purpose
REVENUES			
Use of money and property	\$ -	\$ -	\$ 848
Sale of property and compensation for loss	-	3,043	-
State aid	107,541	-	-
Federal aid	432,005	-	-
Food sales	-	521,807	-
Miscellaneous	34,369	-	-
	<u>573,915</u>	<u>524,850</u>	<u>848</u>
Total Revenues	<u>573,915</u>	<u>524,850</u>	<u>848</u>
EXPENDITURES			
Current			
Instruction	600,800	-	-
Cost of food sales	-	519,847	-
Other	-	-	1,800
	<u>600,800</u>	<u>519,847</u>	<u>1,800</u>
Total Expenditures	<u>600,800</u>	<u>519,847</u>	<u>1,800</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(26,885)</u>	<u>5,003</u>	<u>(952)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	26,885	-	-
Transfers out	-	-	-
	<u>26,885</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>26,885</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	5,003	(952)
FUND BALANCES			
Beginning of Year	-	7,156	81,446
End of Year	<u>\$ -</u>	<u>\$ 12,159</u>	<u>\$ 80,494</u>

See independent auditors' report.

Debt Service	Total Non-Major Governmental Funds	
	2018	2017
\$ 1,322	\$ 2,170	\$ 1,406
-	3,043	-
-	107,541	90,087
-	432,005	410,653
-	521,807	488,046
-	34,369	149,307
1,322	1,100,935	1,139,499
-	600,800	672,569
-	519,847	482,144
-	1,800	2,200
-	1,122,447	1,156,913
1,322	(21,512)	(17,414)
-	26,885	177,657
(155,135)	(155,135)	-
(155,135)	(128,250)	177,657
(153,813)	(149,762)	160,243
159,611	248,213	87,970
<u>\$ 5,798</u>	<u>\$ 98,451</u>	<u>\$ 248,213</u>

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Briarcliff Manor Union Free School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	<u>\$ 42,056</u>	<u>\$ 9,668</u>
Receivables		
Accounts	10,359	12,737
State and Federal aid	<u>198,456</u>	<u>198,883</u>
	<u>208,815</u>	<u>211,620</u>
Total Assets	<u><u>\$ 250,871</u></u>	<u><u>\$ 221,288</u></u>
LIABILITIES		
Accounts payable	\$ 50,792	\$ 20,946
Accrued liabilities	810	-
Due to other funds	198,456	198,883
Unearned revenues	<u>813</u>	<u>1,459</u>
Total Liabilities	<u><u>\$ 250,871</u></u>	<u><u>\$ 221,288</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,**

	2018			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
State aid	\$ 107,541	\$ 107,541	\$ 107,541	\$ -
Federal aid	368,969	445,706	432,005	(13,701)
Miscellaneous	82,098	82,098	34,369	(47,729)
Total Revenues	558,608	635,345	573,915	(61,430)
EXPENDITURES				
Current				
Instruction	583,608	662,230	600,800	61,430
Deficiency of Revenues Over Expenditures	(25,000)	(26,885)	(26,885)	-
OTHER FINANCING SOURCES				
Transfers in	25,000	26,885	26,885	-
Net Change in Fund Balance	-	-	-	-
FUND BALANCE				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 90,088	\$ 90,088	\$ 90,087	\$ (1)
447,649	447,649	410,653	(36,996)
152,435	152,435	149,307	(3,128)
690,172	690,172	650,047	(40,125)
710,172	712,694	672,569	40,125
(20,000)	(22,522)	(22,522)	-
20,000	22,522	22,522	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Briarcliff Manor Union Free School District, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	<u>\$ 64,256</u>	<u>\$ 59,152</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 26,827	\$ 24,719
Unearned revenues	<u>25,270</u>	<u>27,277</u>
Total Liabilities	52,097	51,996
Fund balance		
Assigned	<u>12,159</u>	<u>7,156</u>
Total Liabilities and Fund Balance	<u>\$ 64,256</u>	<u>\$ 59,152</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>2018</u>	<u>2017</u>
REVENUES		
Sale of property and compensation for loss	\$ 3,043	\$ -
Food sales	<u>521,807</u>	<u>488,046</u>
Total Revenues	524,850	488,046
EXPENDITURES		
Current		
Cost of food sales	<u>519,847</u>	<u>482,144</u>
Excess of Revenues Over Expenditures	5,003	5,902
FUND BALANCE		
Beginning of Year	<u>7,156</u>	<u>1,254</u>
End of Year	<u><u>\$ 12,159</u></u>	<u><u>\$ 7,156</u></u>

See independent auditors' report.

Briarcliff Manor Union Free School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	<u>\$ 80,494</u>	<u>\$ 81,446</u>
FUND BALANCE		
Restricted	<u>\$ 80,494</u>	<u>\$ 81,446</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>2018</u>	<u>2017</u>
REVENUES		
Use of money and property	\$ 848	\$ 267
EXPENDITURES		
Current		
Other	<u>1,800</u>	<u>2,200</u>
Deficiency of Revenues Over Expenditures	(952)	(1,933)
FUND BALANCE		
Beginning of Year	<u>81,446</u>	<u>83,379</u>
End of Year	<u>\$ 80,494</u>	<u>\$ 81,446</u>

See independent auditors' report.

Briarcliff Manor Union Free School District, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and equivalents	\$ 3,422	\$ 3,387
Due from other funds	<u>7,467</u>	<u>161,315</u>
Total Assets	<u>\$ 10,889</u>	<u>\$ 164,702</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>5,798</u>	<u>159,611</u>
Total Liabilities and Fund Balance	<u>\$ 10,889</u>	<u>\$ 164,702</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>2018</u>	<u>2017</u>
REVENUES		
Use of money and property	\$ 1,322	\$ 1,139
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>1,322</u>	<u>1,139</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	155,135
Transfers out	<u>(155,135)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(155,135)</u>	<u>155,135</u>
Net Change in Fund Balance	(153,813)	156,274
FUND BALANCE		
Beginning of Year	<u>159,611</u>	<u>3,337</u>
End of Year	<u><u>\$ 5,798</u></u>	<u><u>\$ 159,611</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, 2018

Adopted Budget	\$ 51,466,151
Additions	
Encumbrances	<u>342,472</u>
Original Budget	51,808,623
Budget Amendments	<u>132,239</u>
Final Budget	<u><u>\$ 51,940,862</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation
Year Ended June 30, 2018

2018-19 Expenditure Budget	<u>\$ 52,196,413</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	1,083,683
Unassigned fund balance	<u>2,087,857</u>
Total Unrestricted Fund Balance	<u>3,171,540</u>
Less	
Appropriations for subsequent year's budget	928,230
Encumbrances	<u>155,453</u>
Total Adjustments	<u>1,083,683</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,087,857</u></u>
Actual Percentage	<u><u>4.00%</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, 2018

Capital Assets, net		\$ 44,911,635
Less		
Bonds payable	(16,255,000)	
Unamortized portion of premium on bonds	<u>(624,049)</u>	(16,879,049)
Plus		
Unamortized portion of loss on refunding bonds		<u>249,299</u>
Net Investment in Capital Assets		<u>\$ 28,281,885</u>

See independent auditors' report.