

**EAST RAMAPO CENTRAL  
SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

# EAST RAMAPO CENTRAL SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
East Ramapo Central School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the East Ramapo Central School District, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary fund of the East Ramapo Central School District, as of June 30, 2018, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter - Change in Accounting Principle***

As described in Note 1 to the financial statements, in 2018, East Ramapo Central School District adopted new accounting guidance, Governmental Accounting Standards Board 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 the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total OPEB liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 3 through 16 and 58 through 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

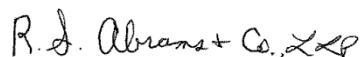
#### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2018 on our consideration of the East Ramapo Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the East Ramapo Central School District's internal control over financial reporting and compliance.



R.S. Abrams & Co., LLP  
Islandia, NY  
September 27, 2018

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 1**

The following is a discussion and analysis of the East Ramapo Central School District’s (the “District”) financial performance for the fiscal year ended June 30, 2018. This section is a summary of the District’s financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District’s financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

- The District’s expenses for the year, as reflected in the District-Wide Financial Statements, totaled \$289,965,821. Of this amount, \$2,491,041 was offset by program charges for services, \$41,238,528 by operating grants and contributions, and \$428,008 by capital grants and contributions. General revenues of \$233,856,522 amounted to 84.12% of total revenues.
- The general fund total fund balance, as reflected in the Fund Financial Statements, increased by \$244,853. This was due to an excess of revenues and operating transfers in over expenditures and operating transfers out based on the modified accrual basis of accounting.
- The District was awarded \$3,000,000 in legislative grants to support instructional programs.
- On December 6, 2016, voters approved a bond authorization for a total estimated cost not to exceed \$58,019,350 to construct infrastructure and other improvements (including roofs, boilers, windows, air handling units, and other improvements), as well as an authorization for a second bond not to exceed \$1,127,920, for windows and door improvements at Kakiat and Fleetwood Elementary Schools. The District has not issued this debt as of June 30, 2018, leaving authorized but unissued debt in the amount of \$59,147,270.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

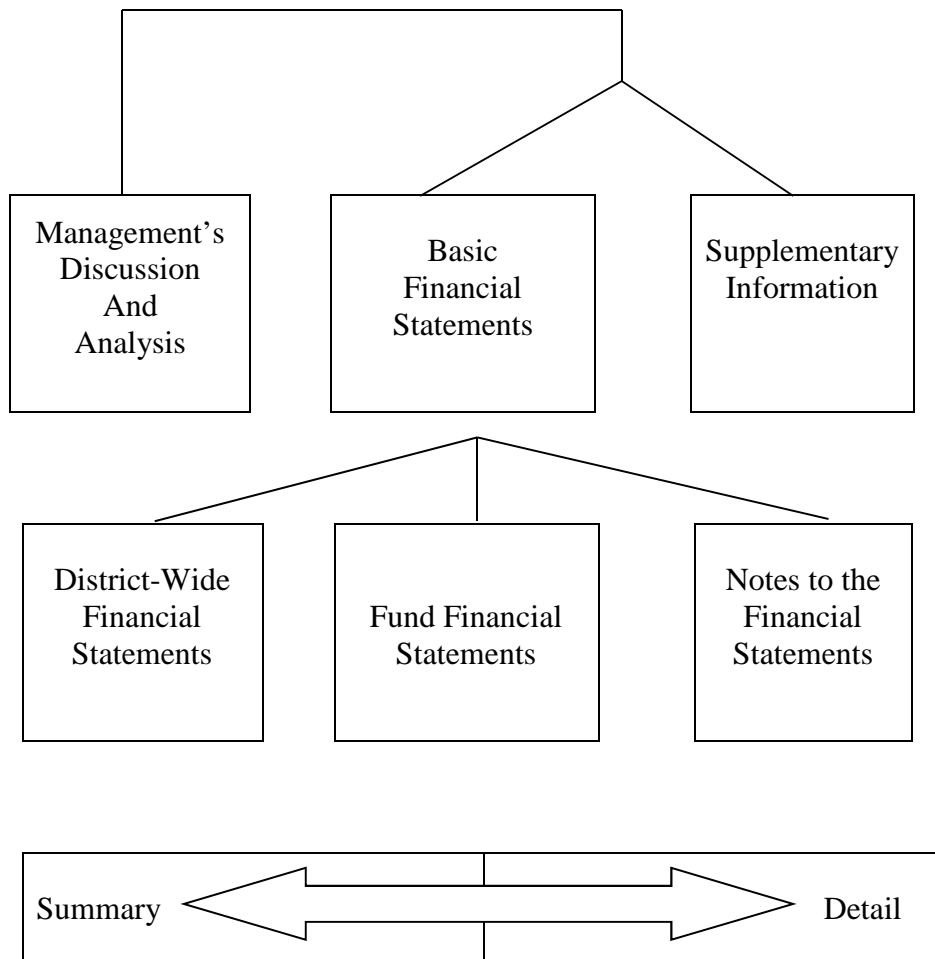
This annual report consists of four parts: management’s discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.
  - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
  - *Fiduciary Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**Organization of the District’s Annual Financial Report**



**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 1**

**A) District-Wide Financial Statements:**

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

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

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

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

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

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



**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 1**

**B) Fund Financial Statements:**

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

The District has two kinds of funds:

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

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A) Net Position:**

The District's net position decreased by \$11,951,722 in the fiscal year ended June 30, 2018 as detailed in the table that follows.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 1**

Condensed Statement of Net Position

	Fiscal Year 2018	*Fiscal Year 2017	Change	Total Percentage Change
Current assets	\$48,213,868	\$54,609,369	(\$6,395,501)	-11.71%
Capital assets	49,133,250	31,649,470	17,483,780	55.24%
Net pension asset -proportionate share	4,329,842		4,329,842	N/A
Total Assets	<u>101,676,960</u>	<u>86,258,839</u>	15,418,121	17.87%
Deferred outflows of resources	<u>63,578,472</u>	<u>63,472,628</u>	105,844	0.17%
Total assets and deferred outflows of resources	<u>165,255,432</u>	<u>149,731,467</u>	15,523,965	10.37%
Current liabilities	54,557,117	43,916,190	10,640,927	24.23%
Long-term liabilities	<u>412,364,694</u>	<u>410,220,534</u>	2,144,160	0.52%
Total Liabilities	<u>466,921,811</u>	<u>454,136,724</u>	12,785,087	2.82%
Deferred inflows of resources	<u>19,146,630</u>	<u>4,456,030</u>	14,690,600	329.68%
Total liabilities and deferred inflows of resources	<u>486,068,441</u>	<u>458,592,754</u>	27,475,687	5.99%
Net Position				
Net investment in capital assets	24,802,330	7,965,193	16,837,137	211.38%
Restricted	1,186,028	1,087,621	98,407	9.05%
Unrestricted (deficit)	<u>(346,801,367)</u>	<u>(317,914,101)</u>	(28,887,266)	-9.09%
Total Net Position	<u><u>(\$320,813,009)</u></u>	<u><u>(\$308,861,287)</u></u>	<u><u>(\$11,951,722)</u></u>	-3.87%

\*Long-term liabilities and unrestricted net position for 2017 have been restated due to the implementation of GASB Statement No. 75. See Note 15 for more information.

Current assets decreased by \$6,395,501 from 2017 to 2018. This change is primarily related to a decrease in cash, due to capital projects being paid for by the bond anticipation notes. Capital assets (net of depreciation) increased \$17,483,780 due to current year capital outlay exceeding depreciation expense. The District reported a net pension asset - proportionate share for the teachers' retirement system of \$4,329,842 as a result of the actuarial valuation provided by the state. In the prior year the system reported a net pension liability. The change in deferred outflows of resources represents amortization of the pension related items and the change in the District's contributions subsequent to the measurement date, as discussed in Note 12, as well as the addition of deferred outflows related to the other post-employment benefits obligation as discussed in Note 15.

Current liabilities increased by \$10,640,927, primarily due to the increase in the bond anticipation note, as well as an increase in accounts payable, offset by a decrease in the amounts due to the retirement systems. Long-term liabilities increased by \$2,144,160 which was primarily due to increases in the District's total other post-employment benefit obligation partially offset by the

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 1**

decrease in the net pension liability and current year principal payments on debt. The changes in deferred inflows represent amortization of pension related items as discussed in Note 12.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation and related debt. This number increased from the prior year by \$16,837,137 due to current year bond and energy performance principal payments and capital additions offset by the issuance of additional debt from bond anticipation notes and depreciation.

The restricted net position at June 30, 2018, relates to the District’s insurance reserve and restricted amounts for special purposes, and debt service. Restricted net position increased by \$98,407. This is discussed further in section 4 of this Management Discussion and Analysis entitled “Financial Analysis of the District’s Funds” and section 5, “General Fund Budgetary Highlights”.

The unrestricted net (deficit) at June 30, 2018 of (\$346,801,367) relates to the balance of the District’s net position. The unrestricted net (deficit) increased by \$28,887,266.

**B) Changes in Net Position:**

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2018 and 2017 are as follows:

Change in Net Position from Operating Results

	Fiscal Year 2018	*Fiscal Year 2017	Increase (Decrease)	Percentage Change
<b>Program Revenues</b>				
Charges for services	\$2,491,041	\$2,589,890	(\$98,849)	-3.82%
Operating grants and contributions	41,238,528	38,046,690	3,191,838	8.39%
Capital grants and contributions	428,008	1,000,000	(571,992)	-57.20%
<b>General Revenues</b>				
Real property taxes and other tax items	151,192,674	148,862,903	2,329,771	1.57%
State sources	79,145,509	74,205,265	4,940,244	6.66%
Use of money and property	617,717	630,072	(12,355)	-1.96%
Sale of property and compensation for loss	121,164	373,868	(252,704)	-67.59%
Other	2,779,458	3,413,654	(634,196)	-18.58%
<b>Total Revenues</b>	<u>\$278,014,099</u>	<u>\$269,122,342</u>	<u>\$8,891,757</u>	3.30%
<b>Expenses</b>				
General support	\$24,171,197	\$25,680,913	(\$1,509,716)	-5.88%
Instruction	222,645,630	210,989,080	11,656,550	5.52%
Pupil transportation	37,105,196	35,245,456	1,859,740	5.28%
Community service	214,771	152,327	62,444	40.99%
Debt service - interest	644,250	293,094	351,156	119.81%
Food service program	5,170,377	4,709,299	461,078	9.79%
Other	14,400	39,204	(24,804)	-63.27%
<b>Total Expenses</b>	<u>\$289,965,821</u>	<u>\$277,109,373</u>	<u>\$12,856,448</u>	4.64%
<b>Total Change in Net Position</b>	<u>(\$11,951,722)</u>	<u>(\$7,987,031)</u>	<u>(\$3,964,691)</u>	-49.64%

Information for 2017 was not restated as all information was not readily available. The cumulative

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

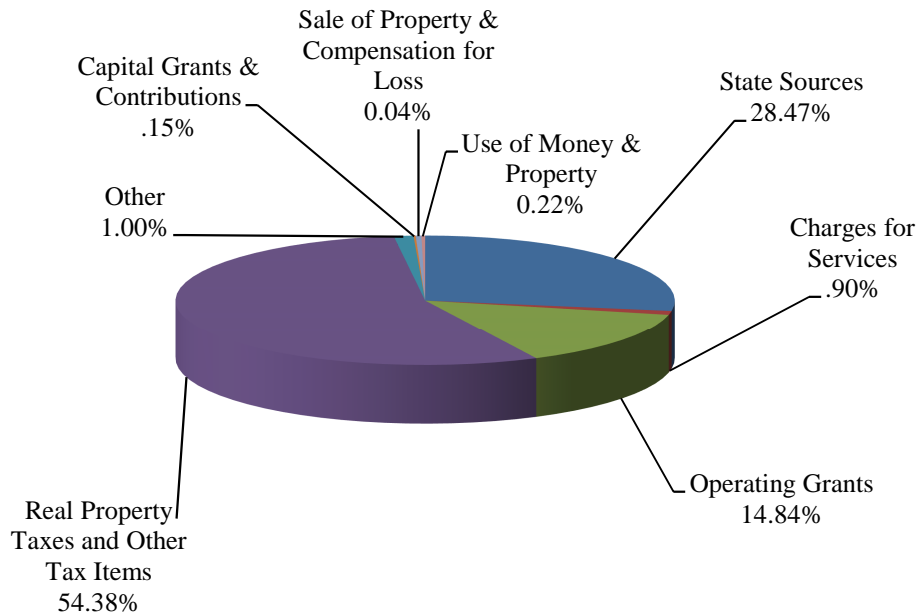
effect of applying the change in account principle is shown as an adjustment to the beginning net position in 2018. See Note 15 for more information.

The District’s fiscal year 2018 revenues totaled \$278,014,099. Real property taxes and other tax items and state sources accounted for most of the District’s revenue by contributing 54.38% and 28.47%, respectively of total revenue. The remainder came from fees charged for services, operating and capital grants and contributions, use of money and property, sale of property and compensation for loss, and other miscellaneous sources. Total revenues increased by \$8,891,757 or 3.30%. This was primarily attributable to an increase in state sources, operating grants and contributions, and real property taxes.

The cost of all programs and services totaled \$289,965,821 for fiscal year 2018. These expenses are predominantly related to instruction, which account for 76.78% of District expenses. The District’s general support activities accounted for 8.34% of total costs. Total expenses increased by \$12,856,448 or 4.64%. This was primarily attributable to increased expenses in the general fund, as well as the change in pension and OPEB related actuarially calculated information which is allocated to the functions based on salary expenses.

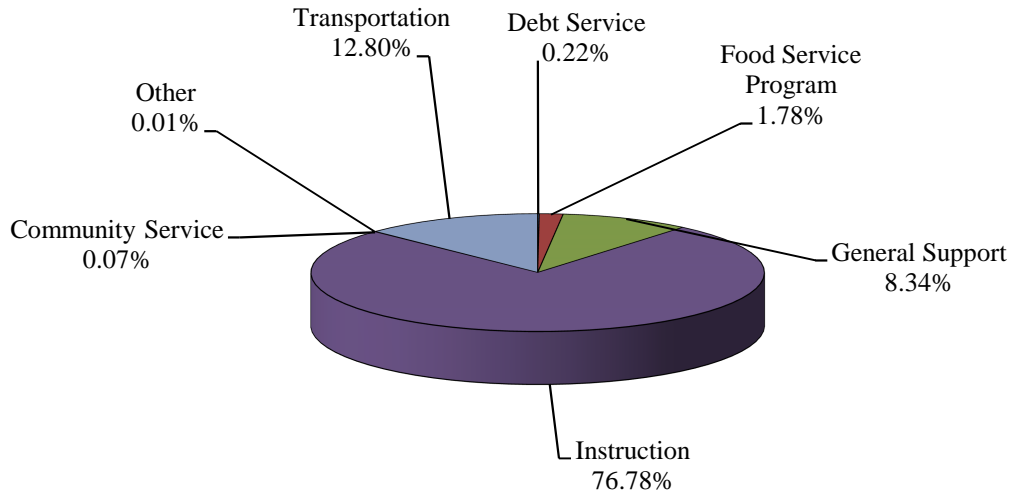
The users of the District’s programs financed \$2,491,041 of the cost. The federal and state governments subsidized certain programs with operating grants and contributions of \$41,238,528 and capital grants and contributions of \$428,008, which represents a combined 6.71% increase from the prior year. Most of the District’s net costs of \$245,808,244 were financed by District taxpayers, and state sources.

Revenues for Fiscal Year 2018



**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Expenditures for Fiscal Year 2018



**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

As of June 30, 2018, the District's combined governmental funds reported a total fund balance deficit of (\$6,637,286) which is a decrease in fund balance of \$17,242,908 from the prior year.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 1**

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

	Fiscal Year 2018	Fiscal Year 2017	Increase/ (Decrease)	Total Percentage Change
<b>General Fund</b>				
Nonspendable for advances	\$95,782	\$30,033	\$65,749	218.92%
Restricted for insurance	102,005	101,815	190	0.19%
Assigned - general support	75,612	164,139	(88,527)	-53.93%
Assigned - instruction	362,753	289,066	73,687	25.49%
Assigned - pupil transportation	132,396	33,775	98,621	291.99%
Assigned- employee benefits subsequent year's expenditures	959,000	118,923	(118,923)	-100.00%
Unassigned	8,413,535	9,158,479	(744,944)	-8.13%
Total Fund Balance - General Fund	<u>\$10,141,083</u>	<u>\$9,896,230</u>	<u>\$244,853</u>	2.47%
<b>School Lunch Fund</b>				
Nonspendable for inventory	\$32,660	\$47,894	(\$15,234)	-31.81%
Assigned - unappropriated	896,434	1,041,706	(145,272)	-13.95%
Total Fund Balance - School Lunch Fund	<u>\$929,094</u>	<u>\$1,089,600</u>	<u>(\$160,506)</u>	-14.73%
<b>Debt Service Fund</b>				
Restricted	\$828,317	\$729,346	\$98,971	13.57%
Assigned - appropriated	53,222	52,989	233	0.44%
Total Fund Balance - Debt Service Fund	<u>\$881,539</u>	<u>\$782,335</u>	<u>\$99,204</u>	12.68%
<b>Capital Projects Fund</b>				
Unassigned	(18,844,708)	(1,419,003)	(\$17,425,705)	1228.02%
Total Fund Balance - Capital Projects Fund	<u>(\$18,844,708)</u>	<u>(\$1,419,003)</u>	<u>(\$17,425,705)</u>	1228.02%
<b>Special Purpose Fund</b>				
Restricted	\$255,706	\$256,460	(\$754)	-0.29%
Total Fund Balance - Special Purpose Fund	<u>\$255,706</u>	<u>\$256,460</u>	<u>(\$754)</u>	-0.29%
Total Fund Balance - All Funds	<u>(\$6,637,286)</u>	<u>\$10,605,622</u>	<u>(\$17,242,908)</u>	-162.58%

**A) General Fund**

The net change in the general fund – fund balance is an increase of \$244,853 as a result of revenues and other financing sources of \$235,781,755 exceeding expenditures and other financing uses of \$235,536,902. Revenues increased \$6,273,795 or 2.73% compared to the prior year, mostly due to the increase in state sources and real property taxes and other tax items.

Expenditures increased \$9,733,430 or 4.35% compared to the prior year in all areas except for debt service. Instruction expenditures and pupil transportation were the largest increases with approximately \$5.9 million, and \$2.1 million, respectively.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 1**

**B) School Lunch Fund**

The net change in the school lunch fund – fund balance is a decrease of \$160,506. This decrease is the operating deficit for the current year of \$199,302, partially offset by a transfer from the general fund of \$38,796 for uncollectible negative balances on student accounts.

**C) Debt Service Fund**

The net change in the debt service fund – fund balance is an increase of \$99,204. The debt service fund received interest of \$14,952, a premium on the BAN in the amount of \$206,603, and received \$315,827 from the general fund to pay the BAN interest expense, and transferred \$52,990 to the general fund to offset long term debt payments.

**D) Capital Projects Fund**

The net change in the capital projects fund – fund balance is a decrease of \$17,425,705 bringing fund balance to a deficit of \$18,844,708. This decrease was due to an excess of expenditures over revenues and other financing sources. The capital projects fund received \$810,709 in general fund budgetary appropriation transfers, \$1,495,025 in general fund budgetary appropriations to redeem the BAN with, as well as \$160,417 from a New York State grant, and had \$19,891,856 in capital outlay expenditures. The deficit fund balance is predominately due to the continued capital work on the bond projects that were approved in December 2016, for which permanent financing has not been obtained yet.

**E) Special Purpose Fund**

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

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A) 2017-2018 Budget:**

The District's general fund adopted budget for the fiscal year ended June 30, 2018 was \$231,084,269. This amount was increased by encumbrances carried forward from the prior year in the amount of \$605,903, and budget revisions for donations of \$650, state supplemental aid funding of \$3,000,000, and additional unforeseen education expenditures of \$1,146,844, bringing the final budget to \$236,107,666. The majority of the funding was real property taxes and other tax items budget of \$151,829,607.

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

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 1**

Opening, unassigned fund balance	\$9,158,479
Revenues over budget	1,696,836
Expenditures and encumbrances under budget	3
Change in nonspendable fund balance	(65,749)
Interest allocated to reserves	(190)
Budget revisions	(1,416,844)
Assigned, appropriated for June 30, 2019 Budget	<u>(959,000)</u>
Closing, unassigned fund balance	<u>\$8,413,535</u>

The opening unassigned fund balance of \$9,158,479 is the June 30, 2017 unassigned fund balance.

The revenues over budget were \$1,696,836. Refer to Supplemental Schedule #1 for more details.

The expenditures and encumbrances over budget were \$3. Refer to Supplemental Schedule #1 for more details.

Nonspendable fund balance, which represents the advances to the capital projects fund not expected to be repaid in the next fiscal year, increased by \$65,749 which decreases unassigned fund balance.

Interest of \$190 was allocated to the insurance reserve.

The District recorded a budget revision to appropriate fund balance, as revenues came in higher than anticipated, to fund unforeseen additional educational costs in the amount of \$1,416,844.

The assigned, appropriated fund balance of \$959,000 for the June 30, 2019 budget is the amount the District has chosen to use to partially fund its operating budget for 2018-2019.

The District will close the 2017-2018 fiscal year with \$8,413,535 in unassigned fund balance. NYS Real Property Tax Law §1318 restricts this number to an amount not greater than 4% of the District's budget for the ensuing fiscal year. The District's unassigned fund balance is within the legal limit.

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A) Capital Assets:**

The District paid for equipment, and various building additions and renovations during the fiscal year 2018. A summary of the District's capital assets net of depreciation are as follows:



**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 1**

Capital Assets (Net of Depreciation)

Category	Fiscal Year 2018	Fiscal Year 2017	Net Increase/ (Decrease)	Percentage Change
Land	\$7,764,601	\$7,764,601	-	0.00%
Construction in Progress	21,033,954	2,471,308	18,562,646	751.13%
Buildings & Improvements	86,154,244	84,825,034	1,329,210	1.57%
Machinery & Equipment	6,319,729	6,324,946	(5,217)	-0.08%
Subtotal	121,272,528	101,385,889	19,886,639	19.61%
Less: Accumulated Depreciation	72,139,278	69,736,419	2,402,859	3.45%
Total Net Capital Assets	<u>\$49,133,250</u>	<u>\$31,649,470</u>	<u>\$17,483,780</u>	55.24%

The District's capital outlay for the year was \$19,891,856 from the capital projects fund and \$441,217 from the general and school lunch fund. The District also disposed of various machinery and equipment with cost and accumulated depreciation of \$446,434, and recorded depreciation expense of \$2,849,293.

**B) Long-Term Debt:**

At June 30, 2018, the District had total debt payable of \$3,750,000. The decreases represent principal payments. More detailed information about the District's long-term debt is presented in the Notes to the Financial Statements. A summary of outstanding debt at June 30, 2018 and 2017 is as follows:

	2018	2017	Increase (Decrease)
Bonds payable	\$3,750,000	\$4,455,000	(\$705,000)
Energy performance contract	-	233,857	(233,857)
Total	<u>\$3,750,000</u>	<u>\$4,688,857</u>	<u>(\$938,857)</u>

**7. FACTORS BEARING ON THE DISTRICT'S FUTURE**

- A)** The general fund budget for the 2018-19 school year is \$233,918,191. This is the contingency budget as the budget did not pass on the first two attempts. This is an increase of \$2,833,922 or 1.23% from the previous year's budget.
- B)** The NYS Legislature introduced and approved a property tax cap beginning in the 2012-2013 school year. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the district's tax levy cap, then a

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 1**

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

- C) On July 12, 2018, the District issued a tax anticipation note (TAN) for \$16,000,000, maturing on October 30, 2018 for interim financing of the general fund operations. The TAN has a stated interest rate of 2.50% resulting in interest expense of \$120,000. The premium on the TAN in the amount of \$22,500 provides a net interest cost of \$97,500.

**8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

<b>ASSETS</b>	
Current assets	
Cash	
Unrestricted	\$31,817,748
Restricted	1,099,094
Receivables	
Accounts receivable	63,875
State and federal aid	13,301,762
Due from other governments, net of allowance	1,039,398
Due from fiduciary funds	859,331
Inventories	32,660
Capital assets	
Not being depreciated	28,798,555
Being depreciated, net of accumulated depreciation	20,334,695
Net pension asset - proportionate share -teachers' retirement system	4,329,842
<b>TOTAL ASSETS</b>	<u>101,676,960</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	63,554,576
Other post-employment benefits obligation	23,896
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>63,578,472</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 165,255,432</u>
<b>LIABILITIES</b>	
Payables	
Accounts payable	17,585,401
Accrued liabilities	1,118,512
Accrued interest payable	133,971
Due to teachers' retirement system	10,125,668
Due to employees' retirement system	744,186
Due to other governments	16,528
Note payable	
Bond anticipation note	24,595,395
Unearned credits	
Collections in advance	237,456
Long-term liabilities	
Due and payable within one year	
Bonds payable	630,000
Judgements, claims and settlements payable	221,209
ERS stabilization program liability	247,091
Due and payable after one year	
Bonds payable	3,120,000
Judgements, claims and settlements payable	706,045
ERS stabilization program liability	2,347,283
Compensated absences payable	644,579
Total other post-employment benefits obligation	402,682,594
Net pension liability - proportionate share -employees' retirement system	1,765,893
<b>TOTAL LIABILITIES</b>	<u>466,921,811</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	19,146,630
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>19,146,630</u>
<b>NET POSITION</b>	
Net investment in capital assets	<u>24,802,330</u>
Restricted	
Insurance	102,005
Debt	828,317
Special purpose	255,706
	<u>1,186,028</u>
Unrestricted (deficit)	<u>(346,801,367)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>(\$320,813,009)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$165,255,432</u>

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<b>FUNCTIONS / PROGRAMS</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>	
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>		<b>Capital Grants and Contributions</b>
General support	(\$24,171,197)			(\$24,171,197)	
Instruction	(222,645,630)	\$2,202,440	\$35,694,068	\$428,008	(184,321,114)
Pupil transportation	(37,105,196)		577,381		(36,527,815)
Community service	(214,771)				(214,771)
Debt service-interest	(644,250)				(644,250)
Food service program	(5,170,377)	288,601	4,956,491		74,715
Other	(14,400)		10,588		(3,812)
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<b>(\$289,965,821)</b>	<b>\$2,491,041</b>	<b>\$41,238,528</b>	<b>\$428,008</b>	<b>(245,808,244)</b>
 <b>GENERAL REVENUES</b>					
Real property taxes					137,150,056
Other tax items - including STAR reimbursement					14,042,618
Use of money and property					617,717
Sale of property and compensation for loss					121,164
Miscellaneous					1,792,294
State sources					79,145,509
Medicaid reimbursement					987,164
<b>TOTAL GENERAL REVENUES</b>					<b>233,856,522</b>
 <b>CHANGE IN NET POSITION</b>					
					(11,951,722)
 <b>TOTAL NET POSITION - BEGINNING OF YEAR AS RESTATED (SEE NOTE 15)</b>					
					<b>(308,861,287)</b>
 <b>TOTAL NET POSITION - END OF YEAR</b>					
					<b>(\$320,813,009)</b>

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Special Purpose	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents							
Unrestricted	\$17,679,215	\$1,675,546	\$1,964,543		\$10,498,444		\$31,817,748
Restricted	102,005			\$741,383		\$255,706	1,099,094
Receivables							
Accounts receivable	63,875						63,875
Due from state and federal	4,364,405	8,161,271	348,078		428,008		13,301,762
Due from other governments, net	985,418	53,980					1,039,398
Advances to other funds	95,782						95,782
Due from other funds	9,698,726			141,902			9,840,628
Inventories			32,660				32,660
<b>TOTAL ASSETS</b>	<b>\$32,989,426</b>	<b>\$9,890,797</b>	<b>\$2,345,281</b>	<b>\$883,285</b>	<b>\$10,926,452</b>	<b>\$255,706</b>	<b>\$57,290,947</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Payables							
Accounts payable	\$10,806,064	\$2,451,395	\$682,471		\$3,645,471		17,585,401
Accrued liabilities	969,751	142,940	5,821				1,118,512
Due to other governments		14,411	2,117				16,528
Advances from other funds					95,782		95,782
Due to other funds		7,251,353	721,694	\$1,746	1,006,504		8,981,297
Due to teachers' retirement system	10,125,668						10,125,668
Due to employees' retirement system	744,186						744,186
Note payable							
Bond anticipation note					24,595,395		24,595,395
Unearned credits							
Collections in advance	202,674	30,698	4,084				237,456
<b>TOTAL LIABILITIES</b>	<b>22,848,343</b>	<b>9,890,797</b>	<b>1,416,187</b>	<b>1,746</b>	<b>29,343,152</b>	<b>-</b>	<b>63,500,225</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
NYS -Smart Schools Bond Act Funds	-	-	-	-	428,008	-	428,008
<b>FUND BALANCES</b>							
Nonspendable							
Inventory			32,660				32,660
Advances to other funds	95,782						95,782
Restricted							
Insurance	102,005						102,005
Debt				828,317			828,317
Special purpose						255,706	255,706
Assigned							
Appropriated fund balance	959,000			53,222			1,012,222
Unappropriated fund balance	570,761		896,434				1,467,195
Unassigned	8,413,535				(18,844,708)		(10,431,173)
<b>TOTAL FUND BALANCES</b>	<b>10,141,083</b>	<b>-</b>	<b>929,094</b>	<b>881,539</b>	<b>(18,844,708)</b>	<b>255,706</b>	<b>(6,637,286)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$32,989,426</b>	<b>\$9,890,797</b>	<b>\$2,345,281</b>	<b>\$883,285</b>	<b>\$10,926,452</b>	<b>\$255,706</b>	<b>\$57,290,947</b>

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2018**

Total Governmental Fund Balances \$ (6,637,286)

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

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

Original cost of capital assets	\$121,272,528	
Accumulated depreciation	<u>(72,139,278)</u>	49,133,250

Deferred inflows of resources- The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows related to pensions	(\$19,146,630)
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Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions and OPEB that will be recognized as expenditures in future periods amounted to:

Deferred outflows related to pensions	63,554,576
Deferred outflows related to total OPEB liability	23,896

Certain disbursements previously expended in the governmental funds and invested with the pension system are treated as long term assets and increase net position. The teachers' retirement system pension asset proportionate share amounted to: 4,329,842

Deferred inflows -NYS Smart Schools Bond Act- The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method 428,008

Payables that are associated with certain short and long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to short and long-term liabilities at year end consisted of accrued interest payable on the bond and bond anticipation note of: (133,971)

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

Bonds payable	(\$3,750,000)	
Judgements, claims and settlements payable	(927,254)	
ERS stabilization program liability	(2,594,374)	
Compensated absences payable	(644,579)	
Total other post-employment benefits obligation payable	(402,682,594)	
Net pension liability - proportionate share -employees' retirement system	<u>(1,765,893)</u>	<u>(412,364,694)</u>

Total Net Position (\$320,813,009)

**EAST RAMAPO CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Purpose</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>							
Real property taxes	\$137,150,056						\$137,150,056
Other tax items - including STAR reimbursement	14,042,618						14,042,618
Charges for services	2,202,440						2,202,440
Use of money and property	599,353		\$354	\$14,952		\$3,058	617,717
Sale of property and compensation for loss	121,164						121,164
Miscellaneous	1,477,100	\$102,695	2,535			10,588	1,592,918
State sources	79,145,509	9,146,380	136,007		\$160,417		88,588,313
Federal sources	987,164	27,125,069	4,539,124				32,651,357
Surplus food			281,360				281,360
Sales			288,601				288,601
<b>TOTAL REVENUES</b>	<u>235,725,404</u>	<u>36,374,144</u>	<u>5,247,981</u>	<u>14,952</u>	<u>160,417</u>	<u>13,646</u>	<u>277,536,544</u>
<b>EXPENDITURES</b>							
General support	19,448,301						19,448,301
Instruction	125,341,065	36,463,886					161,804,951
Pupil transportation	35,446,355	577,381					36,023,736
Community service	135,761						135,761
Employee benefits	50,701,132						50,701,132
Debt service - principal	2,433,882						2,433,882
Debt service - interest	197,951			385,188			583,139
Cost of sales			5,447,283				5,447,283
Other expenditures						14,400	14,400
Capital outlay					19,891,856		19,891,856
<b>TOTAL EXPENDITURES</b>	<u>233,704,447</u>	<u>37,041,267</u>	<u>5,447,283</u>	<u>385,188</u>	<u>19,891,856</u>	<u>14,400</u>	<u>296,484,441</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>2,020,957</u>	<u>(667,123)</u>	<u>(199,302)</u>	<u>(370,236)</u>	<u>(19,731,439)</u>	<u>(754)</u>	<u>(18,947,897)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating transfers in	52,990	667,123	38,796	315,827	810,709		1,885,445
Operating transfers (out)	(1,832,455)			(52,990)			(1,885,445)
Premium on obligations	3,361			206,603			209,964
BAN redeemed with appropriations					1,495,025		1,495,025
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<u>(1,776,104)</u>	<u>667,123</u>	<u>38,796</u>	<u>469,440</u>	<u>2,305,734</u>	<u>-</u>	<u>1,704,989</u>
<b>NET CHANGE IN FUND BALANCES</b>	244,853	-	(160,506)	99,204	(17,425,705)	(754)	(17,242,908)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	9,896,230	-	1,089,600	782,335	(1,419,003)	256,460	10,605,622
<b>FUND BALANCES - END OF YEAR</b>	<u>\$10,141,083</u>	<u>\$ -</u>	<u>\$929,094</u>	<u>\$881,539</u>	<u>(\$18,844,708)</u>	<u>\$255,706</u>	<u>(\$6,637,286)</u>

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Net Change in Fund Balances (\$17,242,908)

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating expenses are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used.

Decrease in judgements, claims and settlements payable	221,209	
Decrease in ERS stabilization program liability	238,802	
Increase in compensated absences payable	<u>(16,548)</u>	443,463

Changes in the proportionate share of net pension asset/liability, and total other post employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' retirement system	(\$1,235,899)	
Employees' retirement system	249,292	
Other post-employment benefits obligation	<u>(12,794,787)</u>	(13,781,394)

Deferred inflows - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in revenues recognized under the full accrual method for the year ended June 30, 2018 is 267,591

Capital Related Items

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.

Capital outlays	\$20,333,073	
Depreciation expense	<u>(2,849,293)</u>	17,483,780

Long-Term Debt Transactions

Repayment of bond principal is an expenditure in the governmental funds, but it reduced long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 705,000

Repayment of energy performance contract debt payable is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 233,857

Interest on short and long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as it accrues. Accrued interest from June 30, 2017 to June 30, 2018 changed by (61,111)

Change in Net Position (\$11,951,722)



**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUND  
JUNE 30, 2018**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$1,465,822
<b>TOTAL ASSETS</b>	<b>\$1,465,822</b>
 <b>LIABILITIES</b>	
Due to governmental funds	\$859,331
Accrued liabilities	378,532
Extraclassroom activity balance	156,994
Deposits on hand	70,965
<b>TOTAL LIABILITIES</b>	<b>\$1,465,822</b>

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 9**

**NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:**

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

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

**A) Reporting entity:**

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

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

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

i) Extraclassroom Activity Funds

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 9**

**B) Joint venture:**

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

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

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

**C) Basis of presentation:**

**i) District-Wide Financial Statements:**

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

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 9**

**ii) Fund Financial Statements:**

The Fund Financial Statements provide information about the District's funds, including the fiduciary fund. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

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

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

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

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

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

The District reports the following fiduciary fund:

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

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 9**

**D) Measurement focus and basis of accounting:**

The District-Wide Financial Statements and Fiduciary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non exchange transactions, in which the District gives or receives value without directly, receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

**E) Real property taxes:**

i) Calendar

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

ii) Enforcement

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

**F) Restricted resources:**

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 9**

**G) Interfund transactions:**

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

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

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

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

**H) Advances to/from other funds:**

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

**I) Estimates:**

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

**J) Cash and cash equivalents:**

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 9**

**K) Receivables:**

Receivables other than those due from other governments in the general fund are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible amounts has been provided since it is believed that such allowance would not be material. The due from other governments in the general fund is shown net of an allowance for uncollectible amounts, which was determined based on the District’s historical knowledge and experience.

**L) Inventories and prepaid items:**

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

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items at June 30, 2018.

**M) Capital assets:**

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

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

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**EXHIBIT 9**

**N) Collections in advance:**

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance as of June 30, 2018 consisted of prepaid balances for meals in the school lunch fund, summer program deposits and unearned grant monies for the subsequent year received in the general fund, and unearned grant monies in the special aid fund.

**O) Deferred Outflows and Inflows of Resources:**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. These amounts are related to pensions and other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 12 and 15.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are related to pensions reported in the District-Wide Statement of Net Position, and are detailed further in Note 12 .

**P) Vested employee benefits:**

Compensated absences:

Compensated absences consist of unpaid accumulated annual vacation time.

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

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

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



**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**EXHIBIT 9**

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

**Q) Other benefits:**

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payments). In the District-Wide Financials Statements, the cost of postemployment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75

**R) Short-term debt:**

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

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

**S) Accrued liabilities and long-term obligations:**

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**EXHIBIT 9**

Bonds, energy performance contract debt, and other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due.

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

**T) Equity Classifications:**

i) District-Wide Financial Statements:

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

Net investment in capital assets consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

ii) Fund Financial Statements:

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

- 1) **Non-spendable fund balance** – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund of \$32,660, and advances to the capital projects fund of \$95,782 in the general fund.
- 2) **Restricted fund balance** – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has established the following as restricted:

**Insurance Reserve**

Insurance reserve (GML§6-n), must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
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**EXHIBIT 9**

guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund under restricted fund balance.

Debt Service

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

Special Purpose

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

- 3) **Committed fund balance** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision making authority (i.e. Board of Education). The District has no committed fund balances as of June 30, 2018.
- 4) **Assigned fund balance** – Includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.
- 5) **Unassigned fund balance** – Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

The unassigned deficit fund balance in the capital projects fund of \$18,844,708 will be eliminated once permanent financing is obtained.

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 9**

Order of Use of Fund Balance

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

**U) New accounting standards:**

The District has adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2018: Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The adoption of this Statement resulted in the restatement of certain items pertaining to the June 30, 2017 District-Wide Financial Statements. Refer to Note 15 for more information.

**V) Future changes in accounting standards:**

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for fiscal year ended June 30, 2019, which provides guidance for the reporting of certain legally enforceable liabilities associated with the retirement of a tangible capital asset.

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the fiscal year ended June 30, 2020. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported.

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended June 30, 2021. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources.

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**EXHIBIT 9**

**NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND**

**STATEMENTS AND DISTRICT-WIDE STATEMENTS:**

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

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

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

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

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

**(i) Long-term revenue and expense differences:**

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

**(ii) Capital related differences:**

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

**(iii) Long-term debt transaction differences:**

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

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**EXHIBIT 9**

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**A) Budgets:**

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

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

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

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

**B) Encumbrances:**

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

**NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:**

**A) Cash:**

New York State law governs the District’s investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
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investments include obligations of the United States Treasury, United States agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

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

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

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

Restricted cash:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2018 included \$1,099,094 within the governmental funds for debt service, special purpose and general reserve purposes.

Investments:

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

Investment pool:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2018, the District held \$293,045 in the governmental funds, and \$20,654 in the fiduciary fund, in investments consisting of various investments in securities issued by the United States and its agencies.

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<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General fund	\$ 41,334	\$ 41,334
Special aid fund	145	145
School lunch fund	476	476
Debt service fund	755	755
Capital projects fund	5	5
Special purpose fund	250,330	250,330
Subtotal - governmental funds	293,045	293,045
Trust and agency fund	20,654	20,654
Total	\$ 313,699	\$ 313,699

Total investments of the cooperative at June 30, 2018 are \$988,442,544 which consisted of \$213,214,286 in repurchase agreements and \$775,228,258 in U.S. Treasury Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2018 are \$231,043,452.

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

**NOTE 5 – PARTICIPATION IN BOCES:**

During the year, the District was billed \$17,687,577 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$2,489,709. Financial statements for the Rockland BOCES are available from the BOCES administrative office located at 65 Parrott Road, West Nyack, New York 10994.



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**NOTE 6 – DUE FROM OTHER GOVERNMENTS:**

Due from other governments at June 30, 2018 consisted of the following:

General Fund	
Health and welfare billings	\$ 712,034
Non-resident and special education billing	392,791
Gross Due from other governments	1,104,825
Allowance for uncollectible accounts	(119,407)
Total General fund, net	\$ 985,418
Special Aid Fund	
Rockland County Healthy Schools grant	\$ 53,980
Total Due from other governments, net	\$ 1,039,398

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

**NOTE 7 – STATE AND FEDERAL AID RECEIVABLE:**

State and federal aid receivable at June 30, 2018 consisted of the following:

General Fund	
Excess cost aid	\$1,748,281
General aid	1,108,585
Chapter tuition aid	86,946
BOCES aid	1,166,788
Medicaid	253,805
Total-General fund	\$4,364,405
Special Aid Fund	
Federal grants	\$4,347,877
State grants	3,813,394
Total-Special Aid Fund	\$8,161,271
School Lunch Fund	
Federal reimbursement	\$338,026
State reimbursement	10,052
Total School Lunch Fund	\$348,078
Capital Projects Fund	
NYS Smart Schools Bond Funds	\$428,008
Total-All Funds	\$13,301,762

District management has deemed these amounts to be fully collectible.

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**NOTE 8 - CAPITAL ASSETS:**

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$7,764,601			\$7,764,601
Construction in progress	2,471,308	\$19,891,856	(\$1,329,210)	21,033,954
Total capital assets not being depreciated	<u>10,235,909</u>	<u>19,891,856</u>	<u>(\$1,329,210)</u>	<u>28,798,555</u>
Capital assets being depreciated:				
Buildings and improvements	84,825,034		1,329,210	86,154,244
Machinery and equipment	6,324,946	441,217	(446,434)	6,319,729
Total capital assets being depreciated	<u>91,149,980</u>	<u>441,217</u>	<u>882,776</u>	<u>92,473,973</u>
Less accumulated depreciation:				
Building and improvements	64,166,510	2,614,131		66,780,641
Machinery and equipment	5,569,909	235,162	(446,434)	5,358,637
Total accumulated depreciation	<u>69,736,419</u>	<u>2,849,293</u>	<u>(446,434)</u>	<u>72,139,278</u>
Total capital assets being depreciated, net	<u>21,413,561</u>	<u>(2,408,076)</u>	<u>1,329,210</u>	<u>20,334,695</u>
Total capital assets, net	<u><u>\$31,649,470</u></u>	<u><u>\$17,483,780</u></u>	<u><u>\$ -</u></u>	<u><u>\$49,133,250</u></u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$2,592,374
General support	93,299
Food service program	95,931
Transportation	67,689
Total depreciation expense	<u><u>\$2,849,293</u></u>

**NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:**

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

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	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$9,698,726		\$52,990	\$1,832,455
Special aid fund		\$7,251,353	667,123	
School lunch fund		721,694	38,796	
Debt service fund	141,902	1,746	315,827	52,990
Capital projects fund		1,006,504	810,709	
Special purpose fund				
Total government activities	9,840,628	8,981,297	1,885,445	1,885,445
Fiduciary fund		859,331		
Totals	<u>\$9,840,628</u>	<u>\$9,840,628</u>	<u>\$1,885,445</u>	<u>\$1,885,445</u>
	<u>Advances To</u>	<u>Advances From</u>		
General fund				
Capital projects fund		\$95,782		
Totals	<u>\$0</u>	<u>\$95,782</u>		

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

The advances from the general fund to the capital projects fund represent the amount of the deficit in various district improvements in the capital projects fund, currently a deficit of \$95,782, which is not expected to be repaid in the next fiscal year.

**NOTE 10 – SHORT-TERM LIABILITIES:**

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	10/27/2017	1.50%	\$ -	\$ 16,000,000	\$ 16,000,000	\$ -
BAN	4/27/2018	1.59%	10,000,000	-	10,000,000	-
BAN	4/27/2018	2.50%	9,090,420	-	9,090,420	-
BAN	4/26/2019	3.00%	-	24,595,395	-	24,595,395
Total			<u>\$ 19,090,420</u>	<u>\$ 40,595,395</u>	<u>\$ 35,090,420</u>	<u>\$ 24,595,395</u>

The TAN was issued on July 13, 2017 to finance general fund operations, the BAN was issued on April 26, 2018, for interim financing in the capital projects fund.

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

	<b>Total</b>
Interest paid	\$454,521
Less interest accrued in the prior year	(67,596)
Plus interest accrued in the current year	129,486
Total interest expense on short-term debt	\$516,411

**NOTE 11 – LONG-TERM LIABILITIES:**

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due within one year
Bonds payable					
Construction bonds	\$4,360,000		(\$610,000)	\$3,750,000	\$630,000
Tax certiorari bonds	95,000		(95,000)	-	
Total bonds payable	4,455,000	-	(705,000)	3,750,000	630,000
Other liabilities					
Energy performance contract debt payable	233,857		(233,857)	-	
Judgements, claims and settlements payable	1,148,463		(221,209)	927,254	221,209
ERS stabilization program liability	2,833,176		(238,802)	2,594,374	247,091
Compensated absences payable	628,031	\$16,548		644,579	
Total other post-employment benefits liability *	389,863,911	25,854,374	(13,035,691)	402,682,594	
Net pension liability - proportionate share	11,058,096		(9,292,203)	1,765,893	
Total long-term liabilities	\$410,220,534	\$25,870,922	(\$23,726,762)	\$412,364,694	\$1,098,300

\*Beginning balance as restated

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

**A) Bonds Payable:**

Bonds payable is comprised of the following:

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Description	Issue Date	Original Issue Amount	Final Maturity	Interest Rates	Outstanding at Year End
Various Capital Improvements	2012	\$7,180,000	June 2025	2.75-3%	\$3,750,000
Various Tax Judgments	2013	\$364,873	June 2018	1.50-2%	-
					\$3,750,000

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2019	\$630,000	\$215,300	\$845,300
2020	645,000	180,650	825,650
2021	665,000	145,175	810,175
2022	685,000	108,600	793,600
2023	705,000	67,500	772,500
2024-2025	420,000	31,200	451,200
	\$3,750,000	\$748,425	\$4,498,425

**Unissued Debt**

On December 6, 2016, voters approved a bond authorization for a total estimated cost not to exceed \$58,019,350 to construct infrastructure and other improvements (including roofs, boilers, windows, air handling units, and other improvements), as well as an authorization for a second bond not to exceed \$1,127,920, for windows and door improvements at Kakiat and Fleetwood Elementary Schools. The total authorized debt amounted to \$59,147,270.

During the fiscal year, the District redeemed bond anticipation notes with general fund appropriations in the amount of \$1,495,025, leaving authorized but unissued long-term debt of \$57,652,245, for which a bond anticipation note was issued and outstanding for \$24,595,395 at June 30, 2018.

**B) Energy Performance Contract Debt Payable:**

Energy performance contract debt payable was paid off in the fiscal year 2018, and was comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
2014 Energy performance	11/1/2014	10/1/2017	4.154%	\$ -
2014 Energy performance	11/1/2014	10/1/2017	3.864%	-
				\$ -

**C) Long-Term Interest:**

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

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	Total
Interest paid	\$128,618
Less interest accrued in the prior year	(5,264)
Plus interest accrued in the current year	4,485
Total interest expense on long-term debt	\$127,839

**NOTE 12 – PENSION PLANS:**

**A) Plan Description and Benefits Provided:**

i) Teachers’ Retirement System

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

ii) Employees’ Retirement System

The District participates in the New York State and Local Employees’ Retirement System (ERS) (the System). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees’ Group

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Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at [www.osc.state.ny.us/retire](http://www.osc.state.ny.us/retire).

**B) Funding Policies:**

The Systems are noncontributory, except as follows:

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

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

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

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	NYSERS	NYSTRS
2018	\$ 3,148,226	\$ 9,420,314
2017	\$ 2,529,370	\$ 10,587,899
2016	\$ 2,374,739	\$ 11,621,001

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

At June 30, 2018, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2018 for ERS and June 30, 2017 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Net pension asset / (liability)	\$ (1,765,893)	\$ 4,329,842
District's portion of the Plan's total net pension liability	0.0547149%	0.569642%
Change in proportion since the prior measurement date	0.0015567%	0.003536%

For the year ended June 30, 2018, the District recognized pension expense of \$2,563,370 for ERS, and \$10,648,601 for TRS. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



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	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 629,837	\$ 3,562,396	\$ 520,473	\$ 1,688,155
Net difference between projected and actual earnings on pension plan investments	2,564,820	-	5,062,697	10,198,031
Changes of assumptions	1,170,933	44,056,986	-	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,267,949	137,155	50,889	1,626,385
District's contributions subsequent to the measurement date	744,186	9,420,314	-	-
	<u>\$ 6,377,725</u>	<u>\$ 57,176,851</u>	<u>\$ 5,634,059</u>	<u>\$ 13,512,571</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Fiscal Year ended:		
2019	\$ 806,520	\$ 764,839
2020	681,005	11,418,992
2021	(1,040,826)	8,104,174
2022	(447,219)	1,833,590
2023	-	8,079,906
Thereafter	-	4,042,465
	<u>\$ (520)</u>	<u>\$ 34,243,966</u>

**Actuarial Assumptions**

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

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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.0%	7.25%
Salary scale	3.80%	4.72% - 1.90%
Cost of living adjustments	1.3% annually	1.5%, annually
Decrement tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.50%	2.50%

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

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

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<u>Valuation Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>April 1, 2017</u>		<u>June 30, 2016</u>	
<u>Asset type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	36%	4.55%	35%	5.9%
International equity	14%	6.35%	18%	7.4%
Private equity	10%	7.50%	8%	9.0%
Real estate	10%	5.55%	11%	4.3%
Absolute return strategies	2%	3.75%		
Opportunistic portfolio	3%	5.68%		
Real assets	3%	5.29%		
Bonds and mortgages	17%	1.31%		
Cash	1%	-0.25%		
Inflation-indexed bonds	4%	1.25%		
Domestic fixed income securities			16%	1.6%
Global fixed income securities			2%	1.3%
High-yield fixed income securities			1%	3.9%
Mortgages			8%	2.8%
Short-term			1%	0.6%
	100%		100%	

Discount Rate

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. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-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:

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	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
<u>ERS</u>			
District's proportionate share of the net pension asset (liability)	<u>(\$13,361,223)</u>	<u>(\$1,765,893)</u>	<u>\$8,043,293</u>
 <u>TRS</u>	 1% Decrease (6.25%)	 Current Assumption (7.25%)	 1% Increase (8.25%)
District's proportionate share of the net pension asset (liability)	<u>(\$74,590,355)</u>	<u>\$4,329,842</u>	<u>\$70,421,590</u>

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Valuation date	April 1, 2017	June 30, 2016
Employers' total pension liability	\$ (183,400,590)	\$ (114,708,261)
Plan Net Position	<u>180,173,145</u>	<u>115,468,360</u>
Employers' net pension liability	<u>\$ (3,227,445)</u>	<u>\$ 760,099</u>

Ratio of plan net position to the		
Employers' total pension asset/(liability)	98.24%	100.66%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$744,186.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept, with a balance to be paid by the District, if necessary. 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 employer's contribution rate, and employee

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 9**

contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to \$10,125,668.

**NOTE 13 – OTHER PENSION OBLIGATIONS –ERS STABILIZATION PROGRAM:**

Legislation enacted as part of the 2013-14 New York State adopted budget as Chapter 57 of the Laws of 2013 established an alternative to the original Contribution Stabilization Program enacted in 2010. This Alternate Contribution Stabilization Program (“ACSP”) authorized local governments and school districts, at their option, to defer payment on a portion of their annual ERS contribution beginning in the 2013-14 fiscal year. The maximum amortization amount in each year going forward under this alternate plan will be determined by the difference between each employer’s normal effective contribution rate as compared to the System’s ACSP graded rate. The graded rate will always move from the previous graded rate towards the new actuarial rate by no more than .5% per year. Any amounts amortized under this program are to be paid in equal annual installments over a twelve year period, although amounts may be prepaid at any time. The interest rate on an amount amortized in a given year will be the interest rate for that year and will be fixed for the duration of that payment period. The interest rate will be comparable to a twelve year US Treasury bond plus 1%. If the System’s average actuarial rates are lower than the employer’s graded rate, the employer would still be required to pay the graded rate. Any additional contributions made as a result will first be used to pay off existing amortizations with any excess being deposited into a reserve account to be used to offset future increases in contribution rates. The District elected to amortize the maximum allowable ERS contributions for the years noted in the table below. The following table summarizes transactions during the year related to amounts amortized under this program and included as a long-term liability in the District-Wide Statement of Net Position, as ERS stabilization program liability:

Fiscal Year	Original Amount Amortized	Beginning of Year Balance	Current Year Additions / (Payments)	End of Year Balance	Principal Due Within One Year
2014	\$1,193,538	\$942,743	(\$89,963)	\$852,780	\$93,345
2015	759,759	653,875	(55,737)	598,138	57,688
2016	956,005	890,012	(68,211)	821,801	70,504
2017	346,546	346,546	(24,891)	321,655	25,554
	<u>\$3,255,848</u>	<u>\$2,833,176</u>	<u>(\$238,802)</u>	<u>\$2,594,374</u>	<u>\$247,091</u>

**NOTE 14 – OTHER RETIREMENT PLANS:**

**A) Tax Sheltered Annuities:**

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2018, totaled \$10,000 and \$4,309,850 respectively.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 9**

**NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):**

**A) General Information about the OPEB Plan:**

Plan Description

The District’s OPEB Plan (the “Plan”), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP), and are administered by Empire BlueCross BlueShield, United Healthcare, GHI/Value Options, and Caremark. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Plan provides medical, Medicare Part B benefits, and pharmaceutical costs for retired employees and their eligible dependents. Benefit terms provide for the District to contribute 85% and of premiums for retirees and family coverage, and 0% for surviving spouses. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2018, the District contributed an estimated \$13,035,691 to the Plan, including \$13,035,691, for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the “pay as you go” method.

Employees Covered by Benefit Terms

At July 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1161
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>1219</u>
Total	<u><u>2380</u></u>

**B) Total OPEB Liability:**

The District’s total OPEB liability of \$402,682,594 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017. Update procedures were used to roll forward the total OPEB liability to the measurement date.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 9**

Actuarial Assumptions and Other Inputs

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	2.60%
Salary increases	2.60%, including inflation
Discount rate	3.00%
Healthcare cost trend rates	7.50% for 2017, decreasing .5% per year to an ultimate rate of 4.50% for 2023, and later years
Retirees' share of benefit-related costs	15.00% of projected health insurance premiums for retirees and family, 100% for surviving spouse

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating AA/Aa or higher.

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2017. Mortality improvement was projected to the date of decrement using Scale MP-2017 (generational mortality).

The actuarial assumptions used in the July 1, 2017 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

**C) Changes in the Total OPEB Liability:**

Balance at June 30, 2017	<u>\$ 389,863,911</u>
Changes for the fiscal year:	
Service cost	13,907,093
Interest	11,919,040
Changes of benefit terms	-
Differences between expected and actual experience	28,241
Changes in assumptions or other inputs	-
Benefit payments	<u>(13,035,691)</u>
Net changes	<u>12,818,683</u>
Balance at June 30, 2018	<u><u>\$ 402,682,594</u></u>

There were no significant plan changes since the last valuation.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 9**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00%) or 1-percentage-point higher (4.00%) than the current discount rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
Total OPEB liability	<u>\$469,718,995</u>	<u>\$402,682,594</u>	<u>\$348,914,556</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current healthcare cost trend rates:

	1% Decrease (6.50% decreasing to 3.50%)	Healthcare Cost Trend Rates (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
Total OPEB liability	<u>\$345,966,724</u>	<u>\$402,682,594</u>	<u>\$483,526,733</u>

**D) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:**

For the fiscal year ended June 30, 2018, the District recognized OPEB expense (credit) of \$25,830,478. At June 30, 2018, the District reported deferred outflows of resources related to OPEB from the following sources:



**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 9**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,896	\$ -
Changes of assumptions or other inputs	-	-
	\$ 23,896	\$ -

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year ended June 30:	
2019	\$ 4,345
2020	4,345
2021	4,345
2022	4,345
2023	4,345
Thereafter	2,171
	\$ 23,896

**E) RESTATEMENT OF NET POSITION:**

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The implementation of GASB Statement No. 75 resulted in the reporting of the total OPEB liability related to the District's OPEB Plan. The District's net position has been restated as follows:

Net position beginning of year, as previously stated	\$ (98,003,278)
Removal of beginning net OPEB liability	179,005,902
Addition of beginning total OPEB liability	(389,863,911)
Net position beginning of year, as restated	\$ (308,861,287)

**NOTE 16 – JUDGEMENTS, CLAIMS AND SETTLEMENTS PAYABLE:**

Judgements, claims and settlements payable of \$927,254 is recorded on the District Wide Statement of Net Position, as a long-term liability. This includes \$127,254 for court ordered tax certiorari refunds which are payable, at \$21,209 a year, for the next 6 years. Also included is \$800,000 remaining for a settlement agreement with a former contractor, payable at \$200,000 a year, for the next 4 years.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 9**

**NOTE 17 – RISK MANAGEMENT:**

**A) General:**

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

**B) Public Entity Risk Pools:**

The District and neighboring districts in Rockland County, New York, participate in the Rockland County Schools Cooperative Self-Insurance Plan for Workers' Compensation. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The District has transferred all related risk to the Plan.

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

**NOTE 18 - TAX ABATEMENTS:**

The Towns of Ramapo and Clarkstown, under the authority of Section 577 of the Private Housing Finance Law, entered into property tax abatement programs with various housing development fund companies for the purpose of economic development, and general prosperity and economic welfare of the Towns. The District's property tax revenue was reduced by \$1,863,867 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$222,859 for these program during the fiscal year.

The County of Rockland Industrial Development Agency, under the authority of General Municipal Law Section 925-1, entered into a property tax abatement program for the purpose of economic development. The District's property tax revenue was reduced by \$48,079 for this program. The District received PILOT payments totaling \$43,102 for this program during the fiscal year.

**NOTE 19 – COMMITMENTS AND CONTINGENCIES:**

**A) Encumbrances:**

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2018, the District encumbered the following amounts:

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT 9**

General fund	
General support	\$75,612
Instruction	362,753
Transportation	132,396
	<u>\$570,761</u>
Special aid fund	
Grant programs services and goods	\$4,840,726
	<u>\$4,840,726</u>
School lunch fund	
Food service program	\$84,149
	<u>\$84,149</u>
Capital projects fund	
Capital projects	\$17,956,978
	<u>\$17,956,978</u>

**B) Grants:**

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

**C) Litigation:**

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

**NOTE 20 – SUBSEQUENT EVENTS:**

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

- On July 12, 2018, the District issued a tax anticipation note (TAN) for \$16,000,000, maturing on October 30, 2018 for interim financing of the general fund operations. The TAN has a stated interest rate of 2.50% resulting in interest expense of \$120,000. It also includes a premium of \$22,500, which results in a net interest cost of \$97,500.

**SUPPLEMENTARY INFORMATION**

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$151,461,007	\$137,684,350	\$137,150,056	(\$534,294)
Other real property tax items	368,600	14,145,257	14,042,618	(102,639)
Charges for services	2,154,429	2,154,429	2,202,440	48,011
Use of money & property	644,545	644,545	599,353	(45,192)
Sale of property and compensation for loss	95,340	95,340	121,164	25,824
Miscellaneous	1,560,000	1,560,650	1,477,100	(83,550)
State Sources				
Basic formula	72,290,359	61,098,530	59,170,134	(1,928,396)
Tuition aid for students with disabilities	1,657,000	1,657,000	1,637,013	(19,987)
Lottery aid		8,267,033	8,497,858	230,825
BOCES aid			2,489,709	2,489,709
Textbook aid		1,900,226	1,948,579	48,353
Computer software/hardware aid		812,070	777,517	(34,553)
Library A/V loan program aid		212,500	144,610	(67,890)
Other state aid		3,000,000	4,480,089	1,480,089
Federal Sources	800,000	800,000	987,164	187,164
Other Financing Sources				
Premium on obligations			3,361	3,361
Transfers from other funds	52,989	52,989	52,990	1
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<u>231,084,269</u>	<u>234,084,919</u>	<u>\$235,781,755</u>	<u>\$1,696,836</u>
Appropriated Fund Balance		1,416,844		
Appropriated Reserves	<u>605,903</u>	<u>605,903</u>		
<b>TOTAL REVENUES, OTHER SOURCES &amp; APPROPRIATED RESERVES</b>	<u>\$231,690,172</u>	<u>\$236,107,666</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual and Encumbrances</u>
<b>EXPENDITURES</b>					
General Support					
Board of education	\$333,280	\$348,735	\$344,893	\$3,842	-
Central administration	482,296	487,646	487,610	36	-
Finance	1,242,942	1,107,765	1,107,525	240	-
Staff	2,355,172	3,103,167	3,078,674	24,493	-
Central services	11,679,815	11,604,110	11,557,109	47,001	-
Special items	3,748,851	2,872,490	2,872,490		-
Instructional					
Instruction, admin. & improvement	7,013,724	6,812,135	6,812,041	94	-
Teaching - regular school	52,923,108	57,373,520	57,279,085	94,433	2
Programs for children with handicap conditions	41,544,400	39,245,069	39,030,045	215,024	-
Occupational education	324,629	718,830	718,830		-
Teaching special schools	4,451,789	4,906,730	4,906,730		-
Instructional media	3,710,355	3,175,009	3,160,033	14,976	-
Pupil services	12,941,664	13,472,527	13,434,301	38,226	-
Pupil transportation	33,029,436	35,578,751	35,446,355	132,396	-
Community services	123,821	135,761	135,761		-
Employee benefits	51,457,481	50,701,132	50,701,132		-
Debt service - principal	938,858	2,433,882	2,433,882		-
Debt service - interest	218,618	197,952	197,951		1
<b>TOTAL EXPENDITURES</b>	<u>228,520,239</u>	<u>234,275,211</u>	<u>233,704,447</u>	<u>570,761</u>	<u>3</u>
Other Financing Uses					
Transfers to other funds	3,169,933	1,832,455	1,832,455		-
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<u>\$231,690,172</u>	<u>\$236,107,666</u>	<u>235,536,902</u>	<u>\$570,761</u>	<u>\$3</u>
Net change in fund balances			244,853		
Fund balances - beginning of year			<u>9,896,230</u>		
Fund balances - end of year			<u>\$10,141,083</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
FOR THE FISCAL YEAR ENDED JUNE 30,**

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 13,907,093
Interest	11,919,040
Changes of benefit terms	-
Differences between expected and actual experience	28,241
Changes of assumptions or other inputs	-
Benefit payments	<u>(13,035,691)</u>
<b>Net change in total OPEB liability</b>	12,818,683
<b>Total OPEB liability - beginning</b>	<u>389,863,911</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 402,682,594</u></u>
<b>Covered-employee payroll</b>	\$ 105,464,656
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	381.82%

**Notes to Schedule:***Trust Assets*

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75 to pay related benefits.

The amounts presented for the fiscal year were determined as of the measurement date of the plan.

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

<b>NYSERS Pension Plan</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
District's proportion of the net pension (liability)	0.0547149%	0.0531582%	0.0552423%	0.0535383%
District's proportionate share of the net pension (liability)	\$ (1,765,893)	\$ (4,994,861)	\$ (8,866,541)	\$ (1,808,655)
District's covered payroll	\$ 18,675,026	\$ 18,293,000	\$ 17,602,487	\$ 17,353,491
District's proportionate share of the net pension (liability) as a percentage of its covered -employee payroll	9.46%	27.30%	50.37%	10.42%
Plan fiduciary net position as a percentage of the total pension (liability)	98.24%	94.70%	90.70%	97.90%
<b>NYSTRS Pension Plan</b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
District's proportion of the net pension (liability) / asset	0.569642%	0.566106%	0.550038%	0.523982%
District's proportionate share of the net pension (liability) / asset	\$ 4,329,842	\$ (6,063,235)	\$ 57,131,374	\$58,368,315
District's covered payroll	\$ 90,340,434	\$ 87,639,522	\$ 83,140,205	\$ 77,824,582
District's proportionate share of the net pension (liability) / asset as a percentage of its covered -employee payroll	4.79%	6.92%	68.72%	75.00%
Plan fiduciary net position as a percentage of the total pension (liability) / asset	100.66%	99.01%	110.46%	111.48%

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



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

<b><u>NYSERS Pension Plan</u></b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contribution	\$ 3,148,266	\$ 2,529,370	\$ 2,374,739	\$ 2,140,192
Contributions in relation to the contractually required contribution	<u>3,148,266</u>	<u>2,529,370</u>	<u>2,374,739</u>	<u>2,140,192</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 18,782,372	\$ 17,755,446	\$ 18,049,532	\$ 17,578,101
Contributions as a percentage of covered employee payroll	16.76%	14.25%	13.16%	12.18%
<b><u>NYSTRS Pension Plan</u></b>				
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contribution	\$ 9,420,314	\$ 10,587,899	\$ 11,621,001	\$ 14,574,478
Contributions in relation to the contractually required contribution	<u>9,420,314</u>	<u>10,587,899</u>	<u>11,621,001</u>	<u>14,574,478</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 96,125,649	\$ 90,340,434	\$ 87,639,522	\$ 83,140,205
Contributions as a percentage of covered employee payroll	9.80%	11.72%	13.26%	17.53%

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
OTHER SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET -GENERAL FUND  
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget		\$231,084,269
	Add: Prior year's encumbrances	<u>605,903</u>
Original Budget		231,690,172
	Budget revisions:	
	State supplemental grant funding	3,000,000
	Additional unforeseen educational expenditures	1,416,844
	Donations	<u>650</u>
		<u>4,417,494</u>
Final Budget		<u><u>\$236,107,666</u></u>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2018-19 contingency expenditure budget		<u><u>\$233,918,191</u></u>
Maximum allowed (4% of 2018-2019 budget)		<u><u>\$9,356,728</u></u>
General fund fund balance subject to Section 1318 of Real Property Tax Law		
	Assigned fund balance	\$1,529,761
	Unassigned fund balance	<u>8,413,535</u>
	Total unrestricted fund balance	\$9,943,296
Less:		
	Appropriated fund balance	959,000
	Encumbrances included in assigned fund balance	<u>570,761</u>
	Total adjustments	<u>1,529,761</u>
	General fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$8,413,535</u></u>
	Actual percentage	3.60%

**EAST RAMAPO CENTRAL SCHOOL DISTRICT**  
**OTHER SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Project Title	Project #	Project Budget	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2018	
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		Total
Various District Improvements	Multiple	\$ 14,347,900	\$ 14,346,556	\$ -	\$ 14,346,556	\$ 1,344	\$ 7,180,000	\$ 5,823,419	\$ 1,253,104	\$ 14,256,523	\$ (90,033)
Kakiat Elementary School Steps, Curbs and Sidewalk Repairs	1318	128,000	125,440	-	125,440	2,560	-	-	128,000	128,000	2,560
Ramapo HS Roof Project	2219	1,138,566	1,133,416	-	1,133,416	5,150	-	1,000,000	130,000	1,130,000	(3,416)
Spring Valley HS Plumbing Upgrades	0319	28,495	28,495	-	28,495	-	-	-	-	-	(28,495) **
CRMS Windows	3418	3,333	2,333	-	2,333	1,000	-	-	-	-	(2,333)
CRMS Pipe Break	3419	89,544	84,315	-	84,315	5,229	-	-	89,544	89,544	5,229
CRMS Corridor/Ceiling (SAM)	3420	3,354	-	3,354	3,354	-	-	-	-	-	(3,354) **
Eldorado Masonry (SAM)	3715	4,128	-	4,128	4,128	-	-	-	-	-	(4,128) **
Fleetwood Courtyard/Playground (SAM)	1416	6,192	-	6,192	6,192	-	-	-	-	-	(6,192) **
Fleetwood Asbestos Abatement	1417	80,651	80,651	-	80,651	-	-	-	80,651	80,651	-
Margetts Windows/Doors/Playground (SAM)	2012	4,128	-	4,128	4,128	-	-	-	-	-	(4,128) **
Elmwood Doors/Playground (SAM)	3014	2,580	-	2,580	2,580	-	-	-	-	-	(2,580) **
SVHS Auditorium Upgrade (SAM)	3019	4,644	-	4,644	4,644	-	-	-	-	-	(4,644) **
SSBA - School Connectivity	7902	1,133,287	-	428,008	428,008	705,279	-	-	-	-	(428,008) **
Subtotal Other Projects		16,974,802	15,801,206	453,034	16,254,240	720,562	7,180,000	6,823,419	1,681,299	15,684,718	(569,522)
<b>2016 Bond Projects</b>											
Spring Valley HS Roof and Field Bond	0321	8,668,319	601,562	5,485,389	6,086,951	2,581,368	-	-	563,507	563,507	(5,523,444) *
Spring Valley HS Windows	0322	62,500	-	62,500	62,500	-	-	-	-	-	(62,500) *
Admin Building Bdrn Upgrade	0512	774	-	774	774	-	-	-	-	-	(774) *
Admin Roof Bond	0513	197,519	6,828	185,048	191,876	5,643	-	-	18,973	18,973	(172,903) *
Hempstead Boilers	0616	939,990	-	72,154	72,154	867,836	-	-	-	-	(72,154) *
Hempstead Roof	0617	874,715	-	38,906	38,906	835,809	-	-	-	-	(38,906) *
PMS Roof Bond	0819	2,605,814	152,471	2,398,273	2,550,744	55,070	-	-	261,711	261,711	(2,289,033) *
Kakiat Window Replacement	1320	75,000	52,500	997	53,497	21,503	-	-	-	-	(53,497) *
Kakiat Air Handling	1321	829,500	-	42,891	42,891	786,609	-	-	-	-	(42,891) *
Kakiat 1st Floor Renovation	1322	497,693	-	474,899	474,899	22,794	-	-	438,512	438,512	(36,387) *
Kakiat Roof/Boilder/Fan/Win	1323	6,663,653	-	1,126,396	1,126,396	5,537,257	-	-	-	-	(1,126,396) *
Kakiat Interior Reno	1324	1,963,718	-	91,509	91,509	1,872,209	-	-	-	-	(91,509) *
Fleetwood Roof Bond	1419	357,385	18,372	337,483	355,855	1,530	-	-	33,884	33,884	(321,971) *
Fleetwood Window Replacement	1420	9,375	6,562	510	7,072	2,303	-	-	-	-	(7,072) *
Fleetwood Boilers	1421	1,316,375	-	87,946	87,946	1,228,429	-	-	-	-	(87,946) *
Summit Park Roof	1516	1,387,512	-	554,015	554,015	833,497	-	-	-	-	(554,015) *
Grandview Boilers	1614	608,490	-	58,485	58,485	550,005	-	-	-	-	(58,485) *
Grandview Roof	1615	728,013	-	184,383	184,383	543,630	-	-	-	-	(184,383) *
Margetts Roof	2013	732,750	-	177,771	177,771	554,979	-	-	-	-	(177,771) *
RHS Field & Boiler	2220	8,514,211	245,603	5,334,946	5,580,549	2,933,662	-	-	916,265	916,265	(4,664,284) *
Lime Kiln Air Handling	2715	16,000	-	12,647	12,647	3,353	-	-	-	-	(12,647) *
Lime Kiln Roof	2716	701,813	-	166,810	166,810	535,003	-	-	-	-	(166,810) *
Elmwood Boiler Replacement	3015	720,243	46,200	732,245	778,445	(58,202)	-	-	72,882	72,882	(705,563) *
CRMS Roof, Boiler, AHU, Fan	3421	6,630,729	-	1,058,821	1,058,821	5,571,908	-	-	-	-	(1,058,821) *
CRMS Interior Renovations	3422	47,500	-	-	-	47,500	-	-	-	-	-
Eldorado Window Replacement	3716	261,000	12,000	22,683	34,683	226,317	-	-	-	-	(34,683) *
Eldorado Roof Windows	3717	439,562	-	135,395	135,395	304,167	-	-	-	-	(135,395) *
SVHS Press Box	5601	99,679	-	66,928	66,928	32,751	-	-	-	-	(66,928) *
RHS Press Box	5701	96,906	-	22,072	22,072	74,834	-	-	-	-	(22,072) *
SVHS Concession Stands	5801	412,590	-	199,536	199,536	213,054	-	-	-	-	(199,536) *
RHS Concession Stands	5901	350,609	-	182,284	182,284	168,325	-	-	-	-	(182,284) *
Unallocated 2016 bond		12,337,333	-	124,126	124,126	12,213,207	-	-	-	-	(124,126) *
Subtotal 2016 Bond Projects		59,147,270	1,142,098	19,438,822	20,580,920	38,566,350	-	-	2,305,734	2,305,734	(18,275,186)
<b>Total</b>		<b>\$ 76,122,072</b>	<b>\$ 16,943,304</b>	<b>\$ 19,891,856</b>	<b>\$ 36,835,160</b>	<b>\$ 39,286,912</b>	<b>\$ 7,180,000</b>	<b>\$ 6,823,419</b>	<b>\$ 3,987,033</b>	<b>\$ 17,990,452</b>	<b>\$ (18,844,708)</b>

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

\*\* Deficit fund balance will be eliminated once grant funding, and New York State aid is obtained.

**EAST RAMAPO CENTRAL SCHOOL DISTRICT  
OTHER SUPPLEMENTARY INFORMATION  
NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2018**

<b>Capital assets, net</b>		\$49,133,250
<b>Deduct:</b>		
Bond anticipation note payable	(24,595,395)	
Add back: unspent bond anticipation note proceeds	4,014,475	
Short-term portion of construction bonds payable	(630,000)	
Long-term portion of construction bonds payable	<u>(3,120,000)</u>	<u>(24,330,920)</u>
 <b>Net investment in capital assets</b>		 <u>\$24,802,330</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education  
East Ramapo Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of East Ramapo Central School District, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the East Ramapo Central School District's basic financial statements, and have issued our report thereon dated September 27, 2018.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, NY  
September 27, 2018