

**Pelham Union Free School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2016



## **Pelham Union Free School District, New York**

### Table of Contents

---

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet - Governmental Funds	18
Reconciliation of Governmental Funds Balance Sheet to the District-Wide	
Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual - General and Special Aid Funds	24
Statement of Assets and Liabilities - Fiduciary Fund	26
Notes to Financial Statements	27
Required Supplementary Information	
Other Post Employment Benefits	
Schedule of Funding Progress - Last Three Fiscal Years	57
New York State Teachers' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Asset	58
Schedule of Contributions	59
New York State and Local Employees Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability	60
Schedule of Contributions	61
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	62
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	63
Schedule of Revenues and Other Financing Sources Compared to Budget	65
Schedule of Expenditures and Other Financing Uses Compared to Budget	67
Special Aid Fund	
Comparative Balance Sheet	71
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	72
Capital Projects Fund	
Comparative Balance Sheet	74
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	75
Project-Length Schedule	76

## **Pelham Union Free School District, New York**

### **Table of Contents (Concluded)**

---

	<u>Page No.</u>
Debt Service Fund	
Comparative Balance Sheet	78
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	79
Non-Major Governmental Funds	
Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	82
School Lunch Fund	
Comparative Balance Sheet	84
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	85
Special Purpose Fund	
Comparative Balance Sheet	86
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	87
Permanent Fund	
Comparative Balance Sheet	88
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	89
Supplementary Information	
Analysis of Change from Adopted Budget to Final Budget	90
Section 1318 of Real Property Tax Law Limit Calculation	90
Schedule of Net Investment in Capital Assets	91
Federal Programs	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	92
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	94
Schedule of Expenditures of Federal Awards	96
Notes to Schedule of Expenditures of Federal Awards	97
Summary Schedule of Prior Audit Findings	98
Schedule of Findings and Questioned Costs	99

## **Independent Auditors' Report**

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Pelham Union Free School District, New York ("School District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 aggregate remaining fund information of the School District, as of June 30, 2016, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2016 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 9, 2016

## **Pelham Union Free School District, New York**

### **Management's Discussion and Analysis (MD&A) For the Fiscal Year Ended June 30, 2016**

---

This discussion and analysis of the Pelham Union Free School District's ("District") financial performance provides a narrative overview and analysis of the district's financial activities for the year ended June 30, 2016. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the District's financial performance.

#### **Financial Highlights for FY 2015-2016**

Key financial highlights for fiscal year 2015-2016 are as follows:

- The amount of unassigned fund balance that can be retained in the General Fund is limited to 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,837,519 or 4% of the 2016-2017 school year budget of \$70,938,000 and thus within the statutory limit.
- As of June 30, 2016, the District's governmental fund financial statements report a combined ending fund balance of \$20,955,201, an increase of \$533,818 from the prior year. The General Fund's unassigned fund balance of \$2,837,523 (the only portion of the combined fund balance of \$20,955,201 that is not classified as nonspendable, restricted or assigned) represents approximately 14% of this total. The remaining General Fund fund balance consists of:
  - Nonspendable fund balance related to prepaid expenses, inventories and endowment funds;
  - Restricted fund balance, such as reserves and the fund balance in the Capital and Debt Service Funds; and
  - Assigned fund balance including encumbrances and appropriations for the ensuing year's budget.

The combined fund balance includes monies restricted and assigned for Debt Service of \$2,341,238, which will be used to meet the District's future debt service obligations and a restricted Capital Projects Fund fund balance of \$217,178, essentially the amount remaining to complete the \$800,000 Safety & Security Project begun in 2013-2014. Exclusive of the Debt Service and Capital Projects funds, the combined ending fund balances are \$18,396,785.

- For 2015-16 and 2016-17, the District budgeted \$950,000 and \$1,401,754, respectively, as an appropriated surplus contribution to fund the budget. The 2016-2017 appropriation is comprised of \$576,754 for one-time contractual expenditures related to the Pelham Teacher's Association contract, as well as \$825,000 in available fund balance at the end of 2015-2016 as a source of financing to support the 2016-2017 budget.
- On the district-wide financial statements (which include the District's net Capital Assets, Other Post-Employment Benefits and the District's proportionate share of pension assets/liabilities), the assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at June 30, 2015 by \$18,281,183. The District's total net position reflects a decrease of \$1,022,303 for the year ended June 30, 2016.



- The district-wide financial statements must report certain items in accordance with the pronouncements of the Government Accounting Standards Board (GASB). The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. GASB Statement No. 68 *"Accounting and Financial Reporting for Pensions"* requires the District to include in its district-wide financial statements its proportionate share of the net pension liability or asset of the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). At June 30, 2016, the School District reported in its Statement of Net Position a liability of \$2,717,623 for its proportionate share of the ERS net pension liability, while also reporting a pension asset of \$21,871,083 for its proportionate share of the TRS net pension asset. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in note 3D - Long-Term Liabilities in the notes to financial statements.
- Also reflected in the district-wide financial statements is the recognition of other post-employment benefit ("OPEB") obligations under the provisions of GASB Statement No. 45 *"Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."* These obligations include any benefits provided to retirees, other than pension, including health insurance, life insurance, vision, dental, etc. GASB Statement No. 45 establishes standards for accrual based measurement and recognition of OPEB expenses over periods that approximate employees' years of active service, as well as the required note disclosures. For the year ending June 30, 2016, the District's OPEB obligations of \$33,038,535 are reflected as a liability on the district-wide financial statements. More detailed information about the School District's OPEB reporting in accordance with the provisions of GASB Statement No. 45 is presented in note 3D - Long-Term Liabilities in the notes to financial statements.
- At the fund level, the General Fund, used to account for the District's budget, reflected actual revenue & other financing sources for 2015-2016 of \$69,280,715 which exceeded expenditures of \$68,450,705 by \$830,010. This operating surplus resulted in an increase to the General Fund fund balance by the same amount in 2015-2016.
- The Debt Service Fund, used for the payment of principal and interest payments on the District's outstanding bond issuances, reflected a reduction in fund balance of \$373,083 in 2015-16. This reduction consisted of an appropriation of \$375,000 to support the operating budget, as partially offset by interest earnings on the Fund.
- The 2015-2016 school year enrollment was 2,818 students, an increase of 18 students from the 2014-2015 enrollment of 2,800. Enrollment is projected to remain relatively stable in 2016-2017.
- During 2015-2016, the District continued work on the \$800,000 district-wide safety and security improvement project which is expected to be completed in early 2016-17.
- During 2015-2016, the District advance refunded \$18,430,000 of outstanding 2006 refunding serial bonds. The advance refunding involved the issuance of \$17,150,000 in serial bonds with interest rates ranging from 2% to 5%. This action will yield approximately \$3.4 million in cash flow savings over the next 13 years, the life of the bonds. More detailed information about the refunding is presented in note 3, D-Long Term Liabilities.



- It is significant to note that the District underwent a credit rating by Standard & Poor (S&P) as part of the refunding process noted above and the District's "AAA rating with a stable outlook" was affirmed. This rating is the highest available. The rating report noted that the District's favorable "general creditworthiness" was based on several factors:
  - Access to the broad and diverse New York City economic center, supported by very strong income and wealth;
  - Stable financial performance, combined with strong available general fund reserves;
  - Good financial management practices; and
  - Low to moderate overall net debt with limited additional debt plans.

## **Overview of the Financial Statements**

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

### *District-Wide Financial Statements*

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

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

### *Fund Financial Statements*

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.
- *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the

fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

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

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

#### *Notes to Financial Statements*

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

### **District-Wide Financial Analysis**

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

As shown in the table below, the District's assets exceeded liabilities by \$18,281,183 as of June 30, 2016.

<b>Net Position</b>			
	June 30,		%
	2016	2015	Change
Current Assets	\$ 49,563,675	\$ 51,725,134	-4%
Capital Assets, net	49,768,050	52,604,543	-5%
<b>Total Assets</b>	<b>99,331,725</b>	<b>104,329,677</b>	<b>-5%</b>
Deferred Outflows of Resources	7,217,054	6,505,364	11%
Current Liabilities	6,957,137	8,158,692	-15%
Long-Term Liabilities	73,448,608	67,187,199	9%
<b>Total Liabilities</b>	<b>80,405,745</b>	<b>75,345,891</b>	<b>7%</b>
Deferred Inflows of Resources	7,861,851	16,185,664	-51%
<b>Net Position</b>			
Net Investment in Capital Assets	12,682,024	13,933,045	-9%
Restricted for			
Capital Projects	1,117,178	400,486	179%
Tax Certiorari	4,661,150	4,113,890	13%
Retirement Contributions	2,843,560	3,342,767	-15%
Debt Service	2,341,238	2,714,321	-14%
Property Damage	36,271	36,245	0%
Unemployment Benefits	152,793	152,681	0%
Repairs	584,640	680,041	-14%
Trusts	1,065,821	890,505	20%
School Lunch	342,839	257,956	33%
Unrestricted	(7,546,331)	(7,218,451)	5%
<b>Total Net Position</b>	<b>\$ 18,281,183</b>	<b>\$ 19,303,486</b>	<b>-5%</b>

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

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

There is a negative balance for unrestricted net assets of \$7,546,331 which is the result of recognizing OPEB liabilities, as offset by the positive effects of recognizing the District's net pension asset under GASB Statement No. 68. Overall, net position decreased by \$1,022,303 from the prior year.

## Changes in Net Position

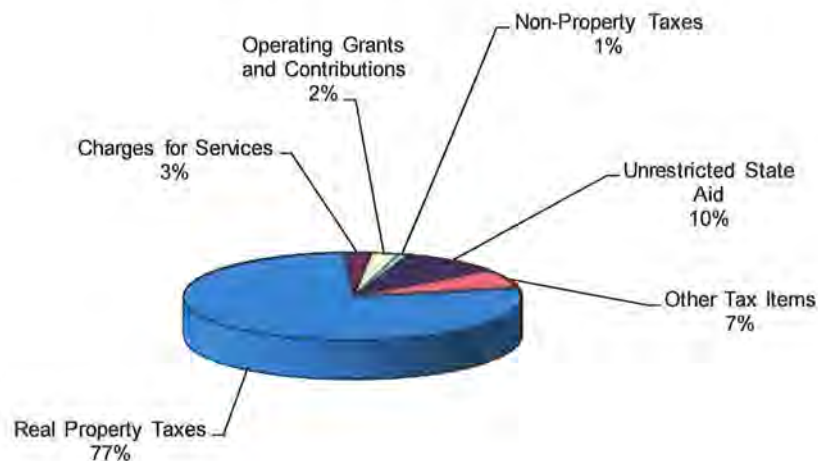
	June 30,		%
	2016	2015	Change
<b>REVENUES</b>			
Program Revenues			
Charges for Services	\$ 1,897,253	\$ 1,946,676	-3%
Operating Grants and Contributions	1,773,421	2,210,211	-20%
Capital Grants and Contributions	1,917	2,847	-33%
Total Program Revenues	3,672,591	4,159,734	-12%
General Revenues			
Real Property Taxes	54,453,038	53,508,438	2%
Other Tax Items	4,770,996	4,646,354	3%
Non-Property Taxes	650,992	644,411	1%
Unrestricted Use of Money and Property	14,904	14,911	0%
Sale of Property and Compensation for Loss	222	16,099	-99%
Unrestricted State Aid	6,813,983	6,564,312	4%
Miscellaneous	460,068	234,050	97%
Total General Revenues	67,164,203	65,628,575	2%
Total Revenues	70,836,794	69,788,309	2%
<b>PROGRAM EXPENSES</b>			
General Support	11,129,778	8,790,898	27%
Instruction	56,690,107	56,032,689	1%
Pupil Transportation	898,299	1,030,472	-13%
Community Services	550,888	395,938	39%
Cost of Food Sales	667,078	607,152	10%
Other	263,245	302,517	-13%
Interest	1,659,702	1,540,679	8%
Total Expenses	71,859,097	68,700,345	5%
Change in Net Position	(1,022,303)	1,087,964	-194%
<b>NET POSITION</b>			
Beginning, as reported	19,303,486	12,297,792	57%
Cumulative Effect of Change in Accounting Principle	-	5,917,730	-100%
Beginning, as restated	19,303,486	18,215,522	6%
Ending	\$ 18,281,183	\$ 19,303,486	-5%

As seen above, governmental activities resulted in a decrease to the district's net position of \$1,022,303 during the current fiscal year. Also noteworthy is the impact of the requirements of GASB Statement No. 45 which requires recognition of OPEB expenses of \$5,890,268 for the year ended June 30, 2016. Other significant changes in these activities are as follows:

#### *Revenues*

- Real Property Taxes, excluding and including STAR, increased by \$944,600 and \$1,069,242, respectively. The growth in the annual Real Property Tax levy, including STAR, is limited by the "Tax Levy Limitation Law" enacted in 2011 which stipulates that the levy of a school district cannot increase by more than the lesser of two percent or the annual increase in the consumer price index. The 2015-2016 property tax levy increase over the prior year was 1.84% compared to the allowable tax levy change of 2.40%.
- Other Tax Items include reimbursements received for the School Tax Relief Reimbursement Program ("STAR").
- Non-Property Taxes consists of the sales tax allocation from Westchester County.
- Unrestricted State Aid, comprised largely of Basic Formula Aid, Lottery Aid, BOCES Aid and Building Aid, allocated to the district increased by \$249,671 or 3.8% from the prior year amount. The majority of this increase is attributable to restoration of \$100,000 in the Gap Elimination Adjustment (GEA) and increased BOCES Aid of \$100,000 based on additional aid-able expenditures in the prior year.
- As indicated on the graph below, the district relied upon real property taxes for 77% of its revenue in 2015-2016.

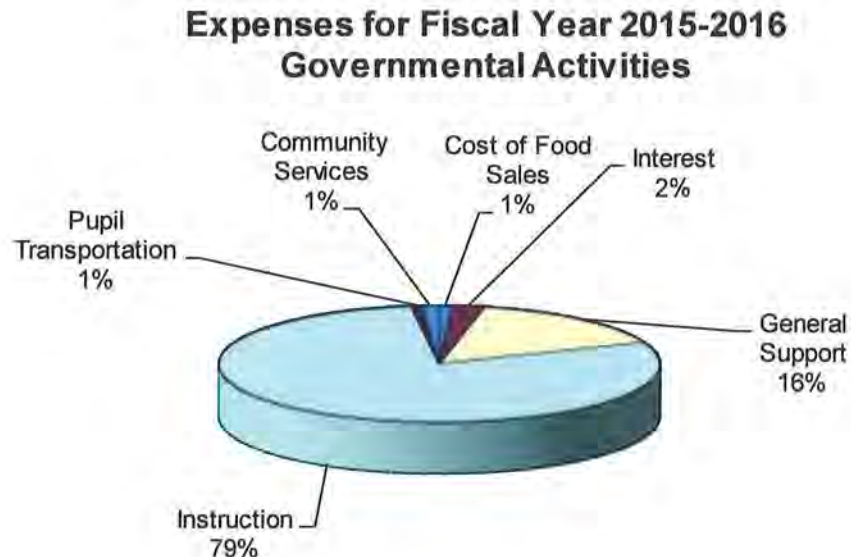
**Sources of Revenue for Fiscal Year 2015-2016  
Governmental Activities**



## Expenses

Overall, Government-wide expenses increased by \$3.2 million across all funds. Increased expenditures reflect the effects of GASB Statement No. 45 and GASB Statement No. 68, as well as contractual increases and facilities projects including installation of a new phone system, significant masonry and roofing work, and various classroom improvements.

As indicated on the graph below, the district's instruction costs accounted for 79% of its expenses in 2015-2016.



## Financial Analysis of the School District's Funds

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

### Fund Balance Reporting

GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements for the District's fiscal period ended June 30, 2012 and designate the following classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

**Nonspendable** - consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principal of endowments.

**Restricted** - consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.



Committed - consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Assigned - consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned - represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement was designed to improve the usefulness of fund balance information.

#### *Governmental Funds*

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

As of June 30, 2016, the combined fund balances for the district's governmental funds totaled \$20,955,201, an increase of \$533,818 from the prior year.

### **General Fund Budgetary Highlights**

The General Fund is the primary operating fund of the district. The adopted budget for fiscal year 2015-16 of \$70,154,600 was increased by \$1,746,060 as a result of prior year encumbrances of \$1,731,972 and appropriations from the tax certiorari reserves for tax certiorari payments made in 2015-16 of \$14,088. During the fiscal year, appropriation transfers within the budget were made to address the operational needs of the district. The final adjusted budget for the fiscal year ending June 30, 2016 was \$71,900,660.

Revenues and Other Financing Sources exceeded the final budget by \$901,115. Favorable variances were achieved as follows:

- Miscellaneous revenues of \$362,000 due largely to a one time refund of a prior year expenditure of \$220,000.
- State aid of \$258,000 due primarily to the BOCES aid component.
- Charges for Services of \$189,000 generated from higher than budgeted tuition from out of district special education students attending District programs.



On the expenditure side of the budget, a positive variance of \$3,449,955, inclusive of encumbrances as of June 30, 2016, was realized largely due to the following:

- Central services, consisting of expenditures for utilities and facilities operations & maintenance, achieved a \$1.1 million budgetary savings. Approximately \$475,000 of this savings was attributable to significantly lower than expected utility costs due to mild winter weather.
- Teaching-Regular School reflected a \$678,000 variance due to savings in various salary line items, as well as the deferral of certain planned instructional expenses to 2016-17.
- Employee Benefits recognized savings of \$500,000 across several individual line items, with the most significant savings noted in medical and pension costs.
- Instructional Media which includes library and instructional technology services benefited from the shift of certain planned expenses to 2016-17.
- Pupil Transportation reflected savings of nearly \$200,000.

The combined effects of the revenue and expenditure budget variances produced a budgetary surplus of \$4,351,070 for the fiscal year ended June 30, 2016. This budgetary surplus became a component of the General Fund fund balance which consists of nonspendable, restricted, assigned and unassigned balances as discussed under "Financial Highlights for FY 2015-2016" and was allocated for current year encumbrances, appropriations for the ensuing year's budget, changes in reserve funds, etc.

The General Fund's actual "revenue & other financing sources" for 2015-16 of \$69,280,715 exceeded actual expenditures of \$68,450,705 by \$830,010, creating an operating surplus which increased the General Fund fund balance by this same amount in 2015-16.

At the end of the current fiscal year, the total fund balance of the General Fund was \$16,988,125 of which \$2,837,519 was classified as unassigned fund balance, representing 4% of the ensuing year's budget. As previously mentioned, New York State Law limits the amount of unassigned fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

The table on the following page outlines the various balances that comprise the total fund balance as of June 30, 2016 and 2015 according to their GASB Statement No. 54 classifications. More detailed information about the district's fund balance is presented in note 3, G-Fund Balances in the notes to the financial statements.

## Total Fund Balance Classifications

GASB Statement No. 54 Classification		Fund Balance June 30,	
		2016	2015
Nonspendable Fund Balance:	Prepaid expenditures	\$ 1,378,282	\$ 1,310,840
	Inventories	3,844	1,480
	Trust-Permanent fund	592,839	592,839
	Total Nonspendable Fund Balance	1,974,965	1,905,159
Restricted Fund Balance:	Tax certiorari reserves	4,661,150	4,113,890
	Employee benefit accrued liability reserve	236,661	208,492
	Retirement contribution (ERS) reserve	2,843,560	3,342,767
	Property damage reserve	36,271	36,245
	Repairs	584,640	680,041
	Unemployment benefits reserve	152,793	152,681
	Debt service	1,991,238	2,339,321
	Capital projects	1,117,178	400,486
	Special purpose	469,509	294,126
	Permanent fund	3,473	3,540
	Total Restricted Fund Balance	12,096,473	11,571,589
Assigned Fund Balance:	Purchases on Order		
	General Government Support	731,841	1,420,950
	Instruction	379,320	194,778
	Community Services	8,634	116,244
	School lunch fund	338,995	256,476
	Appropriated for subsequent year's expenditures	2,587,454	2,150,000
	Total Assigned Fund Balance	4,046,244	4,138,448
Unassigned Fund Balance		2,837,519	2,806,187
Total Fund Balance, as of June 30		\$ 20,955,201	\$ 20,421,383

## Capital Assets

At June 30, 2016, the district had capital assets of \$49,768,050, net of accumulated depreciation, invested in a broad range of capital assets, including land, construction in progress, buildings and improvements, land improvements and machinery and equipment. The change in capital assets, net of accumulated depreciation, is presented below and includes comparative balances from the prior year.

Class	June 30,		% Change
	2016	2015	
Land	\$ 2,167,650	\$ 2,167,650	0%
Construction in Progress	656,461	398,153	65%
Buildings and Improvements	45,126,024	48,061,029	-6%
Land Improvements	1,606,061	1,768,994	-9%
Machinery and Equipment	211,854	208,717	2%
Total Capital Assets, net of accumulated depreciation	<u>\$ 49,768,050</u>	<u>\$ 52,604,543</u>	<u>-5%</u>

The net decrease in capital assets during the current fiscal year results primarily from depreciation expense recorded in 2015-2016 of \$3,126,907, as partly offset by net capital asset additions of \$290,414. The capital asset additions consist primarily of building improvement projects in progress during 2015-16.

More detailed information about the district's capital assets is presented in note 3, B-Capital Assets in the notes to the financial statements.

## Long-Term Debt

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

	June 30,		% Change
	2016	2015	
Bonds Payable	\$ 37,455,789	\$ 39,244,249	-5%
Compensated Absences	236,661	208,492	14%
Installment Purchase Debt	-	17,404	-100%
Net Pension Liability	2,717,623	568,787	378%
Other Post Employment Benefit Obligations	33,038,535	27,148,267	22%
Total	<u>\$ 73,448,608</u>	<u>\$ 67,187,199</u>	<u>9%</u>

More detailed information about the district's long-term liabilities is presented in note 3, D-Long-Term Liabilities in the notes to financial statements.

## **Conclusion**

The district remains financially solid. In spite of the uncertain economic times, rising personnel costs, additional State Education Department mandates, and ambitious educational goals, the district is prepared to meet future challenges. It has established the educational, financial, and human resources necessary to remain a stable and strong entity ready to serve the school-aged children of the Pelham community with an educational plan that provides academic rigor and high standards for all.

This district Administration and Board of Education monitor its fiscal health through analyses of monthly financial reports and the conduct of various audits. These analyses and audits assist in identifying areas of potential financial stress, in developing realistic budgets that serve the academic and emotional needs of students, and in making informed decisions when faced with important financial choices.

The district is subject to audit by several entities: a claims auditor, an internal auditor, an external auditor, and State auditors. Each entity has an important role in reviewing the financial stability of the district and assisting the Board of Education in upholding its fiduciary responsibility to its community. Each audit conducted in 2015-16 indicated that the district's financial operations are in compliance with state laws and/or existing Board of Education policies and administrative regulations. The audited financial statements that follow reflect relevant data pertaining to the overall financial position of the district as of and for the year ended June 30, 2016.

Effective internal controls are in place across the District. Further, the District goes through a rigorous budget process which yields a spending plan each year which must be approved by the Board of Education and resident voters.

As with all governmental entities, the district depends heavily on its real property taxes, which represent approximately 77% of its revenue. Despite many unfunded mandates and the tax cap legislation imposed on it, the District required a tax rate increase of only 1.84% for the 2015-2016 fiscal year. At the same time, the District's share of State Aid is expected to increase only modestly, reflecting the sustained economic difficulties that the region and State are experiencing. The challenge of presenting a fiscally responsible budget while meeting the varied educational needs of its student population will continue to require effective and efficient management of district operations now and in future years.

The tax cap under which all school districts and municipalities in New York State operate has dramatically impacted the financial operations of all NYS governmental entities. With the majority of any governmental unit's revenue being provided by taxes, the tax cap places a hard ceiling on revenue increases thereby limiting expense growth and requiring creative solutions to maintain the high caliber educational program valued so highly by the Pelham community.

The District's adopted budget for 2016-2017 is \$70,938,000, representing a 1.12% budget to budget increase from 2015-2016 which is supported by a 0.05% tax levy increase. The allowable tax levy increase for 2016-17 was 0.23%.

## **Requests for Information**

This financial report is designed to provide a general overview of the district's finances to all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Pelham Union Free School District  
Attn: Assistant Superintendent for Business  
575 Colonial Avenue  
Pelham, NY 10803-2144  
Visit our Website at [www.pelhamschools.org](http://www.pelhamschools.org)

**(This page intentionally left blank)**

**Pelham Union Free School District, New York**

## Statement of Net Position

June 30, 2016

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 23,365,043
Receivables	
Accounts	2,847
State and Federal aid	1,793,980
Due from other governments	1,148,596
Prepaid expenses	1,378,282
Inventories	3,844
Net pension asset	21,871,083
Capital assets	
Not being depreciated	2,824,111
Being depreciated, net	46,943,939
Total Assets	99,331,725
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	7,217,054
<b>LIABILITIES</b>	
Accounts payable	1,392,214
Accrued liabilities	323,880
Due to other governments	71,963
Unearned revenues	314,620
Due to retirement systems	4,634,714
Accrued interest payable	219,746
Non-current liabilities	
Due within one year	2,299,000
Due in more than one year	71,149,608
Total Liabilities	80,405,745
<b>DEFERRED INFLOWS OF RESOURCES</b>	7,861,851
<b>NET POSITION</b>	
Net investment in capital assets	12,682,024
Restricted	
Capital projects	217,178
Future capital projects	900,000
Tax certiorari	4,661,150
Retirement contributions	2,843,560
Debt service	2,341,238
Property damage	36,271
Unemployment benefits	152,793
Repairs	584,640
Trusts	1,065,821
School lunch	342,839
Unrestricted	(7,546,331)
Total Net Position	\$ 18,281,183

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

**(This page intentionally left blank)**



**Pelham Union Free School District, New York**

Statement of Activities  
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 11,129,778	\$ 35,842	\$ 4,475	\$ -	\$ (11,089,461)
Instruction	56,690,107	1,232,028	973,631	-	(54,484,448)
Pupil transportation	898,299	-	30,081	-	(868,218)
Community services	550,888	57,551	151,615	-	(341,722)
Cost of food sales	667,078	571,832	175,058	-	79,812
Other	263,245	-	438,561	-	175,316
Interest	1,659,702	-	-	1,917	(1,657,785)
<b>Total Governmental Activities</b>	<b>\$ 71,859,097</b>	<b>\$ 1,897,253</b>	<b>\$ 1,773,421</b>	<b>\$ 1,917</b>	<b>(68,186,506)</b>
General revenues					
Real property taxes					54,453,038
Other tax items					
School tax relief reimbursement					4,770,996
Non-property taxes					
Non-property tax distribution from County					650,992
Unrestricted use of money and property					14,904
Sale of property and compensation for loss					222
Unrestricted State aid					6,813,983
Miscellaneous					460,068
<b>Total General Revenues</b>					<b>67,164,203</b>
<b>Change in Net Position</b>					<b>(1,022,303)</b>
<b>Net Position - Beginning</b>					<b>19,303,486</b>
<b>Net Position - Ending</b>					<b>\$ 18,281,183</b>

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

**Pelham Union Free School District, New York**

Balance Sheet  
Governmental Funds  
June 30, 2016

	General	Special Aid	Capital Projects
<b>ASSETS</b>			
Cash and equivalents	\$ 19,201,831	\$ 22,726	\$ 237,894
Receivables			
Accounts	124	-	-
State and Federal aid	1,182,979	601,463	-
Due from other governments	1,148,596	-	-
Due from other funds	619,287	-	-
Prepaid expenditures	1,378,282	-	-
Inventories	-	-	-
Total Assets	<u>\$ 23,531,099</u>	<u>\$ 624,189</u>	<u>\$ 237,894</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,239,126	\$ 5,203	\$ 20,702
Accrued liabilities	321,661	2,219	-
Due to other governments	71,752	-	-
Unearned revenues	273,199	-	-
Due to other funds	2,522	616,767	14
Due to retirement systems	4,634,714	-	-
Total Liabilities	<u>6,542,974</u>	<u>624,189</u>	<u>20,716</u>
Fund balances			
Nonspendable	1,378,282	-	-
Restricted	9,415,075	-	217,178
Assigned	3,357,249	-	-
Unassigned	2,837,519	-	-
Total Fund Balances	<u>16,988,125</u>	<u>-</u>	<u>217,178</u>
Total Liabilities and Fund Balances	<u>\$ 23,531,099</u>	<u>\$ 624,189</u>	<u>\$ 237,894</u>

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

<u>Debt Service</u>	<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 2,341,224	\$ 1,561,368	\$ 23,365,043
-	2,723	2,847
-	9,538	1,793,980
-	-	1,148,596
14	596,475	1,215,776
-	-	1,378,282
-	3,844	3,844
<u>\$ 2,341,238</u>	<u>\$ 2,173,948</u>	<u>\$ 28,908,368</u>
\$ -	\$ 127,183	\$ 1,392,214
-	-	323,880
-	211	71,963
-	41,421	314,620
-	596,473	1,215,776
-	-	4,634,714
-	765,288	7,953,167
-	596,683	1,974,965
1,991,238	472,982	12,096,473
350,000	338,995	4,046,244
-	-	2,837,519
<u>2,341,238</u>	<u>1,408,660</u>	<u>20,955,201</u>
<u>\$ 2,341,238</u>	<u>\$ 2,173,948</u>	<u>\$ 28,908,368</u>

**(This page intentionally left blank)**

**Pelham Union Free School District, New York**

Reconciliation of Governmental Funds Balance Sheet  
to the District-Wide Statement of Net Position  
Year Ended June 30, 2016

---

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

Fund Balances - Total Governmental Funds	\$ 20,955,201
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>49,768,050</u>
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	369,763
Deferred amounts on net pension assets (liabilities)	<u>(1,014,560)</u>
	<u>(644,797)</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension assets	<u>21,871,083</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(219,746)
Bonds payable	(37,455,789)
Compensated absences	(236,661)
Net pension liability	(2,717,623)
Other post employment benefits obligations payable	<u>(33,038,535)</u>
	<u>(73,668,354)</u>
Net Position of Governmental Activities	<u>\$ 18,281,183</u>

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

**Pelham Union Free School District, New York**

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2016

	General	Special Aid	Capital Projects
<b>REVENUES</b>			
Real property taxes	\$ 54,453,038	\$ -	\$ -
Other tax items	4,770,996	-	-
Non-property taxes	650,992	-	-
Charges for services	1,289,579	-	-
Use of money and property	55,221	-	-
Sale of property and compensation for loss	222	-	-
State aid	7,068,488	103,254	-
Federal aid	5,496	640,457	-
Food sales	-	-	-
Miscellaneous	611,683	-	-
Total Revenues	68,905,715	743,711	-
<b>EXPENDITURES</b>			
Current			
General support	8,665,374	-	-
Instruction	39,084,568	731,923	-
Pupil transportation	840,918	37,601	-
Community services	514,824	-	-
Employee benefits	15,642,748	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Refunding bond issuance costs	-	-	-
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	258,308
Total Expenditures	64,748,432	769,524	258,308
Excess (Deficiency) of Revenues Over Expenditures	4,157,283	(25,813)	(258,308)
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Issuance premium	-	-	-
Transfers in	375,000	25,813	75,000
Transfers out	(3,702,273)	-	-
Total Other Financing Sources (Uses)	(3,327,273)	25,813	75,000
Net Change in Fund Balances	830,010	-	(183,308)
<b>FUND BALANCES</b>			
Beginning of Year	16,158,115	-	400,486
End of Year	\$ 16,988,125	\$ -	\$ 217,178

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

Debt Service	Non-Major Governmental	Total Governmental Funds
\$ -	\$ -	\$ 54,453,038
-	-	4,770,996
-	-	650,992
-	-	1,289,579
1,917	469	57,607
-	-	222
-	9,236	7,180,978
-	165,659	811,612
-	571,832	571,832
-	438,255	1,049,938
1,917	1,185,451	70,836,794
-	-	8,665,374
-	-	39,816,491
-	-	878,519
-	-	514,824
-	-	15,642,748
-	662,007	662,007
-	263,245	263,245
161,026	-	161,026
2,157,404	-	2,157,404
1,444,056	-	1,444,056
-	-	258,308
3,762,486	925,252	70,464,002
(3,760,569)	260,199	372,792
17,150,000	-	17,150,000
(18,799,763)	-	(18,799,763)
1,810,789	-	1,810,789
3,601,460	-	4,077,273
(375,000)	-	(4,077,273)
3,387,486	-	161,026
(373,083)	260,199	533,818
2,714,321	1,148,461	20,421,383
\$ 2,341,238	\$ 1,408,660	\$ 20,955,201



**(This page intentionally left blank)**

**Pelham Union Free School District, New York**

Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2016

---

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

Net Change in Fund Balances - Total Governmental Funds	\$ 533,818
--	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures	290,414
Depreciation expense	<u>(3,126,907)</u>
	<u>(2,836,493)</u>

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Refunding bonds issued	(17,150,000)
Issuance premium	(1,810,789)
Payment to refunded bond escrow agent	18,799,763
Principal paid on serial bonds	2,140,000
Principal paid on installment purchase debt	17,404
Amortization of loss on refunding bonds and issuance premium	<u>(410,906)</u>
	<u>1,585,472</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	195,260
Compensated absences	(28,169)
Pension assets (obligations)	5,418,077
Other post employment benefit obligations	<u>(5,890,268)</u>
	<u>(305,100)</u>

Change in Net Position of Governmental Activities	<u>\$ (1,022,303)</u>
---	-----------------------

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

**Pelham Union Free School District, New York**

Statement of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
General and Special Aid Funds  
Year Ended June 30, 2016

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 54,453,038	\$ 54,453,038	\$ 54,453,038	\$ -
Other tax items	4,770,996	4,770,996	4,770,996	-
Non-property taxes	575,000	575,000	650,992	75,992
Charges for services	1,100,800	1,100,800	1,289,579	188,779
Use of money and property	45,000	45,000	55,221	10,221
Sale of property and compensation for loss	-	-	222	222
State aid	6,810,030	6,810,030	7,068,488	258,458
Federal aid	-	-	5,496	5,496
Miscellaneous	249,736	249,736	611,683	361,947
<b>Total Revenues</b>	<b>68,004,600</b>	<b>68,004,600</b>	<b>68,905,715</b>	<b>901,115</b>
<b>EXPENDITURES</b>				
Current				
General support	9,805,185	10,075,941	8,665,374	1,410,567
Instruction	40,043,363	40,363,992	39,084,568	1,279,424
Pupil transportation	1,101,689	1,026,989	840,918	186,071
Community services	438,203	563,983	514,824	49,159
Employee benefits	16,776,671	16,148,294	15,642,748	505,546
<b>Total Expenditures</b>	<b>68,165,111</b>	<b>68,179,199</b>	<b>64,748,432</b>	<b>3,430,767</b>
Excess (Deficiency) of Rev- enues Over Expenditures	(160,511)	(174,599)	4,157,283	4,331,882
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	375,000	375,000	375,000	-
Transfers out	(3,721,461)	(3,721,461)	(3,702,273)	19,188
<b>Total Other Financing Sources (Uses)</b>	<b>(3,346,461)</b>	<b>(3,346,461)</b>	<b>(3,327,273)</b>	<b>19,188</b>
<b>Net Change in Fund Balances</b>	<b>(3,506,972)</b>	<b>(3,521,060)</b>	<b>830,010</b>	<b>4,351,070</b>
<b>FUND BALANCES</b>				
Beginning of Year	3,506,972	3,521,060	16,158,115	12,637,055
End of Year	\$ -	\$ -	\$ 16,988,125	\$ 16,988,125

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

Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
103,254	103,254	103,254	-
730,712	767,894	640,457	(127,437)
-	-	-	-
833,966	871,148	743,711	(127,437)
-	-	-	-
835,466	872,648	731,923	140,725
43,500	43,500	37,601	5,899
-	-	-	-
-	-	-	-
878,966	916,148	769,524	146,624
(45,000)	(45,000)	(25,813)	19,187
45,000	45,000	25,813	19,187
-	-	-	-
45,000	45,000	25,813	19,187
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

**Pelham Union Free School District, New York**

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2016

---

	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	<u>\$ 110,536</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 124
Student activity funds	<u>110,412</u>
 Total Liabilities	 <u>\$ 110,536</u>

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

**Note 1 - Summary of Significant Accounting Policies**

The Pelham Union Free School District, New York ("School District"), as presently constituted, was established in 1912 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

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

**A. Financial Reporting Entity**

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

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

The School District participates in the Southern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined by Education Law. Copies of BOCES' financial statement can be requested from Southern Westchester BOCES, 17 Berkley Drive, Rye Brook, New York 10573.

**B. District-Wide Financial Statements**

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

**C. Fund Financial Statements**

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

**Fund Categories**

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

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

Special Revenue Funds - Special revenue funds are established to account for and report the proceeds of specific revenue sources that are restricted, committed or



**Note 1 - Summary of Significant Accounting Policies (Continued)**

assigned to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is as follows -

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

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

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

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

Special Revenue Funds:

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

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

Permanent Fund - The Permanent Fund is used to account for assets that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs.

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

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

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

**Deposits and Risk Disclosures**

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

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies and obligations of New York State or its political subdivisions, and accordingly, the School District's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2016.

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

**Property Taxes Receivable** - Real property taxes attach as an enforceable lien on real property as of July 1st and are payable in two installments in September and January. The Town of Pelham is responsible for the billing and collection of the taxes. The Town guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

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

**Due From/To Other Funds** - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2016, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Prepaid Expenses/Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consists of insurance costs and other charges for services, which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent years budget and will benefit such periods. Reported amounts are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Inventories** - Inventories in the School Lunch Fund consists of surplus food at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

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

<u>Class</u>	<u>Life in Years</u>
Buildings and Improvements	20-50
Land Improvements	15-40
Machinery and Equipment	5-20

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

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$273,199 for monies net yet received for Health Services in the General Fund and \$41,421 for meal deposits in advance in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The School District reported deferred outflows of resources of \$369,763 for a deferred loss on refunding bonds in the governmental-wide Statement of Net Position. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

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

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

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

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

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

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the School District's Board of Education or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances that are not classified as nonspendable and are neither restricted nor committed.

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

---

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

**F. Encumbrances**

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

**G. Use of Estimates**

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

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 9, 2016.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

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

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g) Budgets for General and Special Aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch, Special Purpose, Permanent or Debt Service funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education, subject to certain thresholds. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

**B. Limitation on Unassigned Fund Balance**

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

**C. Property Tax Limitation**

The School District is not limited as to the maximum amount of real property taxes which may be raised. However, on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law applies to all local governments, including school districts.



**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2016

---

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

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

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

**Note 3 - Detailed Notes on All Funds****A. Due From/To Other Funds**

The balances reflected as due from/to other funds at June 30, 2016 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 619,287	\$ 2,522
Special Aid	-	616,767
Capital Projects	-	14
Debt Service	14	-
Non-Major Governmental	596,475	596,473
	<u>\$ 1,215,776</u>	<u>\$ 1,215,776</u>

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

**B. Capital Assets**

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

<u>Class</u>	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Balance June 30, 2016</u>
Capital Assets, not being depreciated			
Land	\$ 2,167,650	\$ -	\$ 2,167,650
Construction in Progress	398,153	258,308	656,461
Total Capital Assets, not being depreciated	<u>\$ 2,565,803</u>	<u>\$ 258,308</u>	<u>\$ 2,824,111</u>

**Pelham Union Free School District, New York**

## Notes to Financial Statements (Continued)

June 30, 2016

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

Class	Balance June 30, 2015	Additions	Balance June 30, 2016
Capital Assets, being depreciated			
Buildings and Improvements	\$ 75,833,254	\$ -	\$ 75,833,254
Land Improvements	2,851,107	-	2,851,107
Machinery and Equipment	599,225	32,106	631,331
Total Capital Assets, being depreciated	79,283,586	32,106	79,315,692
Less Accumulated Depreciation for			
Buildings and Improvements	27,772,225	2,935,005	30,707,230
Land Improvements	1,082,113	162,933	1,245,046
Machinery and Equipment	390,508	28,969	419,477
Total Accumulated Depreciation	29,244,846	3,126,907	32,371,753
Total Capital Assets, being depreciated, net	\$ 50,038,740	\$ (3,094,801)	\$ 46,943,939
Capital Assets, net	\$ 52,604,543	\$ (2,836,493)	\$ 49,768,050

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

General support	\$ 17,704
Instruction	3,104,132
Cost of food sales	5,071
Total Depreciation Expense	\$ 3,126,907

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2016 were as follows:

Payroll and Employee Benefits	\$ 323,880
-------------------------------	------------

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

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

**D. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2016:

	Balance at July 1, 2015	New Issues/ Additions	Maturities and/or Payments	Balance at June 30, 2016	Due Within One-Year
Bonds Payable	\$ 39,065,000	\$ 17,150,000	\$ 20,570,000	\$ 35,645,000	\$ 2,275,000
Plus - Unamortized premium on bonds	179,249	1,810,789	179,249	1,810,789	-
	39,244,249	18,960,789	20,749,249	37,455,789	2,275,000
Other Non-Current Liabilities					
Installment Purchase Debt	17,404	-	17,404	-	-
Compensated Absences	208,492	49,169	21,000	236,661	24,000
Net Pension Liability	568,787	2,148,836	-	2,717,623	-
Other Post Employment Benefit Obligations Payable	27,148,267	7,614,403	1,724,135	33,038,535	-
Total Non-Current Liabilities	27,942,950	9,812,408	1,762,539	35,992,819	24,000
Total Long-Term Liabilities	\$ 67,187,199	\$ 28,773,197	\$ 22,511,788	\$ 73,448,608	\$ 2,299,000

Each governmental fund's liability for compensated absences, net pension liability and other post-employment obligations is liquidated by the General Fund. The School District's indebtedness for bonds and installment purchase debt is satisfied by the Debt Service Fund which is funded primarily by the General Fund.

**Bonds Payable**

Bonds payable at June 30, 2016 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2016
Refunding Bonds	2006	\$ 22,555,000	August, 2016	5.500 %	\$ 1,065,000
Reconstruction of School Buildings	2010	16,029,473	November, 2029	2.500 - 4.000	12,350,000
Reconstruction of School Buildings	2011	7,198,000	October, 2025	2.000 - 3.000	5,080,000
Refunding Bonds	2016	17,150,000	August, 2029	2.000 - 5.000	17,150,000
					<u>\$ 35,645,000</u>

Interest expenditures of \$1,444,056 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$1,659,702 was recorded in the district-wide financial statements.

## Pelham Union Free School District, New York

Notes to Financial Statements (Continued)  
June 30, 2016

---

### **Note 3 - Detailed Notes on All Funds (Continued)**

#### **Installment Purchase Debt**

The District entered into a lease agreement to finance the costs of a wide area mower. The terms of this agreement provided for the repayment of the principal amount of \$52,213, in annual installments of \$17,404 through June, 2016. This lease agreement is interest free for the School District. During 2016, the District paid the debt in full.

#### **Payments to Maturity**

The annual requirements to amortize all bonded debt outstanding as of June 30, 2016 including interest payments of \$8,495,432 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 2,275,000	\$ 1,066,582
2018	2,190,000	1,145,213
2019	2,280,000	1,062,213
2020	2,360,000	974,497
2021	2,445,000	880,541
2022-2026	13,820,000	2,776,686
2027-2030	10,275,000	589,700
	<u>\$ 35,645,000</u>	<u>\$ 8,495,432</u>

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

#### **Advance Refunding**

During the 2015-2016 fiscal year, the District issued \$17,150,000 serial bonds with interest rates ranging from 2% to 5%, depending on maturity. The proceeds were used to refund \$18,430,000 of outstanding 2006 School District refunding serial bonds which had interest rates ranging from 4.0% to 4.25%.

The net proceeds of \$18,799,763 (inclusive of the receipt of \$1,810,789 reoffering premium and after payment of \$161,026 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the 2006 refunding serial bonds. The future debt service payment was paid prior to the fiscal year ended June 30, 2016. As a result, the 2006 refunding serial bonds are considered defeased and the liability for those serial bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$369,763 and the premium received was \$1,810,789. These amounts are being amortized over the remaining life of the refunded debt. The School District advance refunded the 2006 serial refunding bonds to reduce its total debt service payments over 13 years by \$3,359,409 and to obtain a net present value economic gain of \$348,735. As of June 30, 2016, \$18,430,000 of the defeased bonds have not yet been called and are still outstanding.

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

**Compensated Absences**

School District administrators may accumulate up to ten vacation days. Upon separation of service from the School District, administrators will be compensated for any unused days. Vacation time, for all other employees, generally must be taken in the year granted; however, certain CSEA employees are granted their vacation time in the year after it is earned. The School District is not required to compensate employees for accumulated sick leave upon separation of service. The value of all compensated absences has been reflected in the government-wide financial statements.

**Pension Plans**

*Employees' Retirement System*

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2016 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
2 75G	22.2 %
4 A15	18.9
5 A15	15.6
6 A15-J1	10.6
6 A15-J2	10.7

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

---

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

At June 30, 2016, the School District reported a liability of \$2,717,623 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At March 31, 2016, the School District's proportion was .0169319% which was an increase of .0000951% from its proportion measured at March 31, 2015.

For the year ended June 30, 2016, the School District recognized pension expense/expenditures of \$ 992,452 and \$723,714, respectively. The pension expenditure of \$723,714 was charged to the General Fund. At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,733	\$ 322,129
Changes of assumptions	724,708	-
Net difference between projected and actual earnings on pension plan investments	1,612,243	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	36,405	4,115
School District contributions subsequent to the measurement date	192,384	-
	<u>\$ 2,579,473</u>	<u>\$ 326,244</u>

\$192,384 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

Year Ended March 31,	
2017	\$ 525,429
2018	525,429
2019	525,429
2020	484,558

The total pension liability for the March 31, 2016 measurement date was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The total pension liability for the March 31, 2015 measurement date was determined by using an actuarial valuation as of April 1, 2015. Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)

June 30, 2016

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

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

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

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

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

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38 %	7.30 %
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return Strategies	3	6.75
Opportunistic Portfolio	3	8.60
Real Assets	3	8.65
Bonds and Mortgages	18	4.00
Cash	2	2.25
Inflation Indexed Bonds	2	4.00
	<u>100 %</u>	

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

## Pelham Union Free School District, New York

Notes to Financial Statements (Continued)  
June 30, 2016

---

### **Note 3 - Detailed Notes on All Funds (Continued)**

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net pension liability (asset)	<u>\$ 6,128,042</u>	<u>\$ 2,717,623</u>	<u>\$ (164,036)</u>

The components of the collective net pension liability of ERS as of the March 31, 2016 measurement date were as follows:

Total pension liability	\$ 172,303,544,000
ERS fiduciary net position	<u>156,253,265,000</u>
Employers' net pension liability	<u>\$ 16,050,279,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>90.7%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2016 were \$192,384.

#### *Teachers' Retirement System*

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

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



**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)

June 30, 2016

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

Board of Trustees. The employer contribution rate for the plan's year ending in 2016 was 13.26%.

At June 30, 2016, the School District reported an asset of \$21,871,083 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The School District's proportion of the net pension asset was based on the School District's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2015, the School District's proportion was .210566%, which was a decrease of .000937% from its proportion measured at June 30, 2014.

For the year ended June 30, 2016, the School District recognized pension expense/expenditure of \$(1,454,462) and \$4,232,353, respectively. The pension expenditure of \$4,232,353 was charged to the General Fund. At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 606,141
Net difference between projected and actual earnings on pension plan investments	-	6,913,563
Changes in proportion and differences between School District contributions and proportionate share of contributions	29,256	15,903
School District contributions subsequent to the measurement date	4,238,562	-
	<u>\$ 4,267,818</u>	<u>\$ 7,535,607</u>

\$4,238,562 reported as deferred outflows of resources related to TRS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2016	\$ (2,787,525)
2017	(2,787,525)
2018	(2,787,525)
2019	1,150,742
2020	(74,568)
Thereafter	(219,950)

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

---

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

The total pension liability for the June 30, 2015 measurement date was determined by using an actuarial valuation as of June 30, 2014, with update procedures used to roll forward the total pension liability to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by using an actuarial valuation as of June 30, 2013, with update procedures used to roll forward the total pension liability to June 30, 2013. These actuarial valuations used the following actuarial assumptions:

Inflation	3.0%															
Projected salary increases	Rates of increase differ based on age and gender. They have been calculated based upon recent TRS member experience.															
	<table><tr><th>Age</th><th>Female</th><th>Male</th></tr><tr><td>25</td><td>10.35 %</td><td>10.91 %</td></tr><tr><td>35</td><td>6.26</td><td>6.27</td></tr><tr><td>45</td><td>5.39</td><td>5.04</td></tr><tr><td>55</td><td>4.42</td><td>4.01</td></tr></table>	Age	Female	Male	25	10.35 %	10.91 %	35	6.26	6.27	45	5.39	5.04	55	4.42	4.01
Age	Female	Male														
25	10.35 %	10.91 %														
35	6.26	6.27														
45	5.39	5.04														
55	4.42	4.01														
Projected COLAs	1.625% compounded annually															
Investment rate of return	8.0% compounded annually, net of pension plan investment expense, including inflation															

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale AA.

The actuarial assumptions used in the June 30, 2014 and 2013 valuations were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation dates of June 30, 2014 and 2013 are summarized in the following table:

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

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

	Target Allocation		Long-Term Expected Real Rate of Return*	
	2014	2013	2014	2013
Asset Class:				
Equities:				
Domestic equities	37 %	37 %	6.5 %	7.3 %
International equities	18	18	7.7	8.5
Real estate	10	10	4.6	5.0
Alternative investments	7	7	9.9	11.0
Total Equities	72	72		
Fixed Income:				
Domestic fixed income securities	17	18	2.1	1.5
Global fixed income securities	2	2	1.9	1.4
Mortgages	8	8	3.4	3.4
Short-term	1	-	1.2	0.8
Total Fixed Income	28	28		
Total	100 %	100 %		

\*Real rates of return are net of the long-term inflation assumption of 2.3% for 2014 and 2013.

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, TRS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension asset calculated using the discount rate of 8.0%, as well as what the School District's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (7.0%) or one percentage point higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
School District's proportionate share of the net pension liability (asset)	<u>\$ 1,491,890</u>	<u>\$ (21,871,083)</u>	<u>\$ (41,794,793)</u>

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

---

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

The components of the collective net pension asset of TRS as of the June 30, 2015 measurement date were as follows:

Total pension liability	\$ 99,332,103,743
TRS fiduciary net position	<u>109,718,916,659</u>
Employers' net pension asset	<u>\$ 10,386,812,916</u>
TRS fiduciary net position as a percentage of total pension liability	<u>110.46%</u>

Employer and employee contributions for the year ended June 30, 2016 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions to TRS as of June 30, 2016 were \$4,442,330.

*Voluntary Defined Contribution Plan*

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

**Other Post Employment Benefit Obligations Payable**

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

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

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)

June 30, 2016

---

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

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

The School District is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

<u>Year Ended June 30,</u>	<u>Medical</u>
2017	7.00 %
2018	6.50
2019	6.00
2020	5.50
2021	5.00

The actuarial assumptions included a 4.0% investment rate of return. The amortization basis is the level dollar method with an open amortization approach with 22 years remaining in the amortization period. The unit credit method was used to determine the actuarial value of the assets of the OPEB plan, however, the District currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the unit credit method.

The number of participants as of June 30, 2016 was as follows:

Active Employees	325
Retired Employees	<u>206</u>
	<u>531</u>

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2016

---

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

Amortization Component	
Actuarial Accrued Liability as of July 1, 2015	\$ 80,633,735
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 80,633,735</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 37,176,129</u>
UAAL as a Percentage of Covered Payroll	<u>216.90%</u>
Annual Required Contribution	\$ 8,038,387
Adjustment to annual required contribution	(1,509,915)
Interest on Net OPEB Obligation	<u>1,085,931</u>
Annual OPEB Cost	7,614,403
Contributions Made	<u>(1,724,135)</u>
Increase in Net OPEB Obligation	5,890,268
Net OPEB Obligation - Beginning of Year	<u>27,148,267</u>
Net OPEB Obligation - End of Year	<u>\$ 33,038,535</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 7,614,403	22.6 %	\$ 33,038,535
2015	7,555,576	24.7	27,148,267
2014	5,757,990	29.5	21,462,216

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

**E. Revenues and Expenditures****Interfund Transfers**

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

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2016

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

Transfers Out	Transfers In				Total
	General Fund	Special Aid Fund	Capital Projects Fund	Debt Service Fund	
General Fund	\$ -	\$ 25,813	\$ 75,000	\$ 3,601,460	\$ 3,702,273
Debt Service Fund	375,000	-	-	-	375,000
	<u>\$ 375,000</u>	<u>\$ 25,813</u>	<u>\$ 75,000</u>	<u>\$ 3,601,460</u>	<u>\$ 4,077,273</u>

Transfers are used to 1) move funds from the operating funds to the Debt Service Fund as debt service principal and interest payments become due and 2) move amounts earmarked in the operating funds to fulfill commitments for General, Special Aid and Capital Projects funds expenditures.

**F. Net Position**

The components of net position are detailed below:

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

*Restricted for Capital Projects* - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds.

*Restricted for Future Capital Projects* - the component of net position that has been established in accordance with General Municipal Law to set aside funds to be used for future capital projects.

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

*Restricted for Retirement Contributions* - the component of net position that reports the amounts set aside to be used for the School District's payment of retirement contributions to the New York State and Local Employee's Retirement System in accordance with Section 6-r of the General Municipal Law of the State of New York.

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

*Restricted for Property Damage* - the component of net position that has been established pursuant to General Municipal Law to set aside funds to be used to self insure the School District for its annual property damage insurance deductibles.

**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

---

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

*Restricted for Unemployment Benefits* - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6m of General Municipal Law of the State of New York.

*Restricted for Repairs* - the component of net position that has been established pursuant to Section 6-d in General Municipal Law to set aside funds to be used for repairs of capital improvements or equipment.

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

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

*Restricted for Permanent Fund* - the component of net position that reports the difference between assets and liabilities of the non-expendable trust with constraints placed on their use by external parties.

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



**Pelham Union Free School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

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

**G. Fund Balances**

	2016					2015				
	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total
Nonspendable										
Inventories	\$ -	\$ -	\$ -	\$ 3,844	\$ 3,844	\$ -	\$ -	\$ -	\$ 1,480	\$ 1,480
Prepaid expenditures	1,378,282	-	-	-	1,378,282	1,310,840	-	-	-	1,310,840
Permanent Fund	-	-	-	592,839	592,839	-	-	-	592,839	592,839
Total Nonspendable	1,378,282	-	-	596,683	1,974,965	1,310,840	-	-	594,319	1,905,159
Restricted										
Tax certiorari	4,661,150	-	-	-	4,661,150	4,113,890	-	-	-	4,113,890
Unemployment benefits	152,793	-	-	-	152,793	152,681	-	-	-	152,681
Employee benefit accrued liability	236,661	-	-	-	236,661	208,492	-	-	-	208,492
Retirement contributions	2,843,560	-	-	-	2,843,560	3,342,767	-	-	-	3,342,767
Property damage	36,271	-	-	-	36,271	36,245	-	-	-	36,245
Repairs	584,640	-	-	-	584,640	680,041	-	-	-	680,041
Debt service	-	-	1,991,238	-	1,991,238	-	-	2,339,321	-	2,339,321
Capital projects	900,000	217,178	-	-	1,117,178	-	400,486	-	-	400,486
Special purposes	-	-	-	469,509	469,509	-	-	-	294,126	294,126
Permanent Fund	-	-	-	3,473	3,473	-	-	-	3,540	3,540
Total Restricted	9,415,075	217,178	1,991,238	472,982	12,096,473	8,534,116	400,486	2,339,321	297,666	11,571,589
Assigned										
Purchases on order										
General government support	731,841	-	-	-	731,841	1,420,950	-	-	-	1,420,950
Instruction	379,320	-	-	-	379,320	194,778	-	-	-	194,778
Community services	8,634	-	-	-	8,634	116,244	-	-	-	116,244
	1,119,795	-	-	-	1,119,795	1,731,972	-	-	-	1,731,972
Subsequent year's expenditures	2,237,454	-	350,000	-	2,587,454	1,775,000	-	375,000	-	2,150,000
School Lunch Fund	-	-	-	338,995	338,995	-	-	-	256,476	256,476
Total Assigned	3,357,249	-	350,000	338,995	4,046,244	3,506,972	-	375,000	256,476	4,138,448
Unassigned	2,837,519	-	-	-	2,837,519	2,806,187	-	-	-	2,806,187
Total Fund Balances	\$ 16,988,125	\$ 217,178	\$ 2,341,238	\$ 1,408,660	\$ 20,955,201	\$ 16,158,115	\$ 400,486	\$ 2,714,321	\$ 1,148,461	\$ 20,421,383

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

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

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

Prepaid Expenditures have been provided to account for certain payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The corpus of the Permanent Fund has been classified as nonspendable to indicate the portion of the trust with constraints placed on its use by external parties.

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to General Municipal Law to provide funds for the payment for accrued leave time granted upon termination or separation from service.

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

Subsequent year's expenditures represent that at June 30, 2016, the Board of Education has assigned the above amounts to be appropriated for the ensuing year's budget.

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

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

A former probationary teacher filed in 2011 a claim under the Workers' Compensation Law claiming that her employment was terminated due to her filing a Workers' Compensation claim. This matter was and is being vigorously contested by the School District. In April 2016, the Workers' Compensation Administrative Law Judge issued a decision dismissing the claim. The former teacher is appealing. The likely outcome cannot be determined at this time.

The District is a defendant in a claim from the parents of a disabled child. These parents have filed for due process and are seeking to recover private school tuition, room and board and transportation for their children for the 2013-14 and 2014-15 school years. An Impartial Hearing Officer has ruled in favor of the District and the parties are engaged in an appeal of the Hearing Officer's decision. If the parents are successful, the District's damages could exceed \$325,000 including legal fees.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

The District is a defendant in an additional claim from the parents of a disabled child. These parents have filed for due process and are seeking to recover private school tuition and room and board for their child for the 2016-17 school year. If the parents are successful, the District's damages could exceed \$250,000 including legal fees.

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

**B. Contingencies**

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

**C. Risk Management**

The School District and other school districts have formed a reciprocal insurance company (the "Company") owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts.

The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million per occurrence. The School District also maintains liability coverage for school board members up to \$3 million and an excess liability policy with coverage up to \$15 million. Property insurance for fire loss is also maintained for the School District's buildings and contents. In addition, the School District has established a reserve for property damage in the General Fund to be used to cover the deductible portion of property damage insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

The School District and neighboring school districts in Southern Westchester County participate in the State-Wide Schools Cooperative Health Plan. This Plan operates under an agreement, as amended, dated December 12, 1985. The purposes of the Plan are to effect cost savings in members' expenses for health coverage; to provide for centralized administration, funding and disbursements for health coverage; and to provide for such risk management services as may be appropriate to reduce future expense and liability for health coverage. The governance of the Plan shall be in all respects in the hands of the Board of Trustees. The Board of Trustees shall consist of seven trustees elected by the general membership of the Plan. No action may be taken by the Board of Trustees except by a vote of a majority of the total number of trustees. Billings to participants are based upon coverage provided to each participant's employees. The School District has transferred all related risk to the Plan.

The School District and neighboring school districts in Southern Westchester County, participate in the Southern Westchester Schools Cooperative Self-Insurance Plan for Workers' Compensation. The purpose of the Plan is to provide efficient and economical evaluation, processing, administration, defense and payment of claims against plan members for workers' compensation and to provide for risk management to reduce future liability for workers' compensation and employers' liability payments. The Plan is managed and governed by a Board of Trustees comprised of a representative from each district. Billings are based upon participants' experience rating. The School District has transferred all related risk to the Plan.

\*\*\*\*\*

**Pelham Union Free School District, New York**

Required Supplementary Information - Schedule of Funding Progress

Other Post Employment Benefits

Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2015	\$ -	\$ 80,633,735	\$ 80,633,735	- %	37,176,129	216.90 %
July 1, 2014	-	73,938,258	73,938,258	-	35,722,264	206.98
July 1, 2013	-	59,333,479	59,333,479	-	35,537,484	166.96

**Pelham Union Free School District, New York**

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

	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.210566%</u>	<u>0.211503%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (21,871,083)</u>	<u>\$ (23,560,065)</u>
School District's covered-employee payroll	<u>\$ 31,599,598</u>	<u>\$ 31,629,851</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>69.21%</u>	<u>74.49%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>110.46%</u>	<u>111.48%</u>

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

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

**Pelham Union Free School District, New York**

Required Supplementary Information - Schedule of Contributions  
New York State Teachers' Retirement System  
Last Ten Fiscal Years (1)

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,238,562	\$ 5,542,078
Contributions in relation to the contractually required contribution	<u>(4,238,562)</u>	<u>(5,542,078)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 31,965,022</u>	<u>\$ 31,599,598</u>
Contributions as a percentage of covered-employee payroll	<u>13.26%</u>	<u>17.54%</u>

(1) Data not available prior to fiscal year 2016 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**Pelham Union Free School District, New York**

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

	2016 (2)	2015
School District's proportion of the net pension liability (asset)	<u>0.0169319%</u>	<u>0.0168368%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 2,717,623</u>	<u>\$ 568,787</u>
School District's covered-employee payroll	<u>\$ 4,338,449</u>	<u>\$ 4,608,844</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>62.64%</u>	<u>12.34%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.70%</u>	<u>97.90%</u>

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

(1) Data not available prior to fiscal year 2016 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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



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

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 723,714	\$ 864,188
Contributions in relation to the contractually required contribution	<u>(723,714)</u>	<u>(864,188)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 4,294,161</u>	<u>\$ 4,608,844</u>
Contributions as a percentage of covered-employee payroll	<u>16.85%</u>	<u>18.75%</u>

(1) Data not available prior to fiscal year 2016 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**(This page intentionally left blank)**

**Pelham Union Free School District, New York**

General Fund  
Comparative Balance Sheet  
June 30,

	2016	2015
<b>ASSETS</b>		
Cash and equivalents	\$ 19,201,831	\$ 20,194,871
Receivables		
Accounts	124	105
State and Federal aid	1,182,979	1,068,610
Due from other governments	1,148,596	514,715
Due from other funds	619,287	644,589
	2,950,986	2,228,019
Prepaid expenditures	1,378,282	1,310,840
Total Assets	\$ 23,531,099	\$ 23,733,730
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 1,239,126	\$ 1,337,932
Accrued liabilities	321,661	110,455
Unearned revenues	273,199	-
Due to other governments	71,752	171,968
Due to other funds	2,522	2,505
Due to retirement systems	4,634,714	5,952,755
Total Liabilities	6,542,974	7,575,615
Fund balance		
Nonspendable	1,378,282	1,310,840
Restricted	9,415,075	8,534,116
Assigned	3,357,249	3,506,972
Unassigned	2,837,519	2,806,187
Total Fund Balance	16,988,125	16,158,115
Total Liabilities and Fund Balance	\$ 23,531,099	\$ 23,733,730

**Pelham Union Free School District, New York**

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

	2016				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
<b>REVENUES</b>					
Real property taxes	\$ 54,453,038	\$ 54,453,038	\$ 54,453,038	\$	\$ -
Other tax items	4,770,996	4,770,996	4,770,996		-
Non-property taxes	575,000	575,000	650,992		75,992
Charges for services	1,100,800	1,100,800	1,289,579		188,779
Use of money and property	45,000	45,000	55,221		10,221
Sale of property and compensation for loss	-	-	222		222
State aid	6,810,030	6,810,030	7,068,488		258,458
Federal aid	-	-	5,496		5,496
Miscellaneous	249,736	249,736	611,683		361,947
<b>Total Revenues</b>	<b>68,004,600</b>	<b>68,004,600</b>	<b>68,905,715</b>		<b>901,115</b>
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	122,515	122,515	71,249	-	51,266
Central administration	560,707	594,857	579,943	-	14,914
Finance	760,047	770,051	743,545	-	26,506
Staff	490,351	484,811	327,368	642	156,801
Central services	7,235,030	7,482,949	6,351,105	730,324	401,520
Special items	636,535	620,758	592,164	875	27,719
<b>Total General Support</b>	<b>9,805,185</b>	<b>10,075,941</b>	<b>8,665,374</b>	<b>731,841</b>	<b>678,726</b>
Instruction					
Instruction, administration and improvement	2,667,568	2,712,120	2,623,259	28,140	60,721
Teaching - Regular school	25,450,027	25,568,691	24,891,305	252,277	425,109
Programs for children with handicapping conditions	6,165,765	6,271,765	6,120,514	11,659	139,592
Instructional media	1,370,239	1,476,120	1,259,057	82,938	134,125
Pupil services	4,389,764	4,335,296	4,190,433	4,306	140,557
<b>Total Instruction</b>	<b>40,043,363</b>	<b>40,363,992</b>	<b>39,084,568</b>	<b>379,320</b>	<b>900,104</b>
Pupil transportation	1,101,689	1,026,989	840,918	-	186,071
Community services	438,203	563,983	514,824	8,634	40,525
Employee benefits	16,776,671	16,148,294	15,642,748	-	505,546
<b>Total Expenditures</b>	<b>68,165,111</b>	<b>68,179,199</b>	<b>64,748,432</b>	<b>1,119,795</b>	<b>2,310,972</b>
Excess (Deficiency) of Revenues Over Expenditures	(160,511)	(174,599)	4,157,283	(1,119,795)	3,212,087
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	375,000	375,000	375,000	-	-
Transfers out	(3,721,461)	(3,721,461)	(3,702,273)	-	19,188
<b>Total Other Financing Uses</b>	<b>(3,346,461)</b>	<b>(3,346,461)</b>	<b>(3,327,273)</b>	<b>-</b>	<b>19,188</b>
<b>Net Change in Fund Balance</b>	<b>(3,506,972)</b>	<b>(3,521,060)</b>	<b>830,010</b>	<b>\$ (1,119,795)</b>	<b>\$ 3,231,275</b>
<b>FUND BALANCE</b>					
Beginning of Year	3,506,972	3,521,060	16,158,115		
End of Year	\$ -	\$ -	\$ 16,988,125		

2015				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 53,508,438	\$ 53,508,438	\$ 53,508,438	\$	\$ -
4,646,354	4,646,354	4,646,354		-
575,000	575,000	644,411		69,411
1,042,353	1,042,353	1,374,452		332,099
55,002	55,002	49,514		(5,488)
-	-	16,099		16,099
6,614,149	6,614,149	6,917,904		303,755
-	-	1,242		1,242
264,906	264,906	380,630		115,724
66,706,202	66,706,202	67,539,044		832,842
101,639	102,039	63,138	9,975	28,926
510,074	516,174	499,211	450	16,513
749,034	766,034	735,806	-	30,228
450,853	466,553	388,211	11,995	66,347
5,602,946	6,543,042	4,612,855	1,398,530	531,657
595,292	618,256	615,177	-	3,079
8,009,838	9,012,098	6,914,398	1,420,950	676,750
2,527,692	2,517,107	2,459,077	4,240	53,790
24,817,046	24,607,319	24,320,770	31,701	254,848
5,943,451	6,187,151	6,128,478	3,325	55,348
1,152,612	1,257,128	1,072,574	126,025	58,529
4,361,045	4,297,514	4,149,964	29,487	118,063
38,801,846	38,866,219	38,130,863	194,778	540,578
1,246,390	1,096,390	971,212	-	125,178
436,371	469,871	312,636	116,244	40,991
18,226,423	17,350,823	17,053,284	-	297,539
66,720,868	66,795,401	63,382,393	1,731,972	1,681,036
(14,666)	(89,199)	4,156,651	(1,731,972)	2,513,878
700,000	700,000	150,000	-	(550,000)
(3,723,125)	(3,708,529)	(3,706,358)	-	2,171
(3,023,125)	(3,008,529)	(3,556,358)	-	(547,829)
(3,037,791)	(3,097,728)	600,293	\$ (1,731,972)	\$ 1,966,049
3,037,791	3,097,728	15,557,822		
\$ -	\$ -	\$ 16,158,115		

**Pelham Union Free School District, New York**

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REAL PROPERTY TAXES</b>	<u>\$ 54,453,038</u>	<u>\$ 54,453,038</u>	<u>\$ 54,453,038</u>	<u>\$ -</u>
<b>OTHER TAX ITEMS</b>				
School tax relief reimbursement	<u>4,770,996</u>	<u>4,770,996</u>	<u>4,770,996</u>	<u>-</u>
<b>NON-PROPERTY TAXES</b>				
Non-property tax distribution from County	<u>575,000</u>	<u>575,000</u>	<u>650,992</u>	<u>75,992</u>
<b>CHARGES FOR SERVICES</b>				
Day school tuition	<u>875,800</u>	<u>875,800</u>	<u>1,162,888</u>	<u>287,088</u>
Youth services for other districts	<u>50,000</u>	<u>50,000</u>	<u>57,551</u>	<u>7,551</u>
Health services for other districts	<u>175,000</u>	<u>175,000</u>	<u>69,140</u>	<u>(105,860)</u>
	<u>1,100,800</u>	<u>1,100,800</u>	<u>1,289,579</u>	<u>188,779</u>
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	<u>20,000</u>	<u>20,000</u>	<u>19,379</u>	<u>(621)</u>
Rental of real property	<u>25,000</u>	<u>25,000</u>	<u>35,842</u>	<u>10,842</u>
	<u>45,000</u>	<u>45,000</u>	<u>55,221</u>	<u>10,221</u>
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Insurance recoveries	<u>-</u>	<u>-</u>	<u>222</u>	<u>222</u>

**STATE AID**

Basic formula	6,810,030	6,810,030	4,347,538	(2,462,492)
Lottery aid	-	-	1,202,425	1,202,425
Textbook aid	-	-	170,149	170,149
Computer software aid	-	-	65,788	65,788
BOCES aid	-	-	1,264,020	1,264,020
Library loan program	-	-	18,568	18,568
	<u>6,810,030</u>	<u>6,810,030</u>	<u>7,068,488</u>	<u>258,458</u>

**FEDERAL AID**

Medicaid assistance	-	-	5,496	5,496
	<u>-</u>	<u>-</u>	<u>5,496</u>	<u>5,496</u>

**MISCELLANEOUS**

Refund of prior year's expenditures	35,000	35,000	328,380	293,380
Arts in education	150,000	150,000	151,615	1,615
Refund of BOCES aided services	30,000	30,000	104,282	74,282
Other	34,736	34,736	27,406	(7,330)
	<u>249,736</u>	<u>249,736</u>	<u>611,683</u>	<u>361,947</u>

**TOTAL REVENUES**

68,004,600	68,004,600	68,905,715	901,115
------------	------------	------------	---------

**OTHER FINANCING SOURCES**

Transfers in				
Debt Service Fund	375,000	375,000	375,000	-
	<u>375,000</u>	<u>375,000</u>	<u>375,000</u>	<u>-</u>

**TOTAL REVENUES AND  
OTHER FINANCING SOURCES**

<u>\$ 68,379,600</u>	<u>\$ 68,379,600</u>	<u>\$ 69,280,715</u>	<u>\$ 901,115</u>
----------------------	----------------------	----------------------	-------------------

**Pelham Union Free School District, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 100,015	\$ 100,015	\$ 62,045	\$ -	\$ 37,970
District meeting	22,500	22,500	9,204	-	13,296
Total Board of Education	122,515	122,515	71,249	-	51,266
<b>CENTRAL ADMINISTRATION</b>					
Chief school administration	560,707	594,857	579,943	-	14,914
<b>FINANCE</b>					
Business administration	669,647	679,651	671,005	-	8,646
Auditing	90,400	90,400	72,540	-	17,860
Total Finance	760,047	770,051	743,545	-	26,506
<b>STAFF</b>					
Legal	250,000	250,000	109,144	-	140,856
Personnel	240,351	234,811	218,224	642	15,945
Total Staff	490,351	484,811	327,368	642	156,801
<b>CENTRAL SERVICES</b>					
Operation and maintenance of plant	7,235,030	7,482,949	6,351,105	730,324	401,520



**SPECIAL ITEMS**

Unallocated insurance	324,000	293,835	279,904	-	13,931
School association dues	24,045	24,045	22,786	875	384
Judgement and claims	-	300	222	-	78
Assessments on school property	74,000	74,000	60,674	-	13,326
Refunds of real property taxes	-	14,088	14,088	-	-
Administrative charge - BOCES	214,490	214,490	214,490	-	-
	<u>636,535</u>	<u>620,758</u>	<u>592,164</u>	<u>875</u>	<u>27,719</u>
Total Special Items					
	<u>9,805,185</u>	<u>10,075,941</u>	<u>8,665,374</u>	<u>731,841</u>	<u>678,726</u>
Total General Support					

**INSTRUCTION****INSTRUCTION, ADMINISTRATION  
AND IMPROVEMENT**

Curriculum development and supervision	114,045	118,545	87,694	14,487	16,364
Supervision - Regular school	2,274,674	2,282,526	2,234,770	6,186	41,570
Research, planning and evaluation	38,000	38,000	31,634	5,620	746
In-service training - Instruction	240,849	273,049	269,161	1,847	2,041
	<u>2,667,568</u>	<u>2,712,120</u>	<u>2,623,259</u>	<u>28,140</u>	<u>60,721</u>
Total Instruction, Administration and Improvement					

**TEACHING - REGULAR SCHOOL**

	<u>25,450,027</u>	<u>25,568,691</u>	<u>24,891,305</u>	<u>252,277</u>	<u>425,109</u>
--	-------------------	-------------------	-------------------	----------------	----------------

**PROGRAMS FOR CHILDREN WITH  
HANDICAPPING CONDITIONS**

Programs for students with disabilities	<u>6,165,765</u>	<u>6,271,765</u>	<u>6,120,514</u>	<u>11,659</u>	<u>139,592</u>
---	------------------	------------------	------------------	---------------	----------------

**INSTRUCTIONAL MEDIA**

Computer assisted instruction	705,670	810,051	621,255	80,015	108,781
School library and audiovisual	<u>664,569</u>	<u>666,069</u>	<u>637,802</u>	<u>2,923</u>	<u>25,344</u>
	<u>1,370,239</u>	<u>1,476,120</u>	<u>1,259,057</u>	<u>82,938</u>	<u>134,125</u>
Total Instructional Media					

(Continued)

**Pelham Union Free School District, New York**

General Fund

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

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>PUPIL SERVICES</b>					
Attendance - Regular school	\$ 591,315	\$ 486,090	\$ 444,419	\$ -	\$ 41,671
Guidance - Regular school	1,533,170	1,541,120	1,488,089	4,274	48,757
Health services - Regular school	552,773	583,485	575,472	-	8,013
Psychological services - Regular school	699,382	699,382	686,089	-	13,293
Co-Curricular activities - Regular school	206,645	206,645	194,043	-	12,602
Interscholastic activities - Regular school	806,479	818,574	802,321	32	16,221
<b>Total Pupil Services</b>	<b>4,389,764</b>	<b>4,335,296</b>	<b>4,190,433</b>	<b>4,306</b>	<b>140,557</b>
<b>Total Instruction</b>	<b>40,043,363</b>	<b>40,363,992</b>	<b>39,084,568</b>	<b>379,320</b>	<b>900,104</b>
<b>PUPIL TRANSPORTATION</b>					
District transportation services	235,494	227,794	171,233	-	56,561
Contract transportation	866,195	799,195	669,685	-	129,510
<b>Total Pupil Transportation</b>	<b>1,101,689</b>	<b>1,026,989</b>	<b>840,918</b>	<b>-</b>	<b>186,071</b>
<b>COMMUNITY SERVICES</b>					
Civic activities	17,250	-	-	-	-
Recreation and other community services	420,953	563,983	514,824	8,634	40,525
<b>Total Community Services</b>	<b>438,203</b>	<b>563,983</b>	<b>514,824</b>	<b>8,634</b>	<b>40,525</b>

**EMPLOYEE BENEFITS**

State retirement	933,044	731,044	723,714	-	7,330
Teachers' retirement	4,397,955	4,390,155	4,232,353	-	157,802
Social security	2,802,442	2,802,442	2,724,111	-	78,331
Workers' compensation benefits	242,565	248,665	248,567	-	98
Unemployment benefits	50,000	50,000	31,318	-	18,682
Health insurance	7,729,525	7,298,148	7,121,183	-	176,965
Employee benefit fund	561,140	561,140	494,868	-	66,272
Other unallocated benefits	60,000	66,700	66,634	-	66

Total Employee Benefits	<u>16,776,671</u>	<u>16,148,294</u>	<u>15,642,748</u>	<u>-</u>	<u>505,546</u>
-------------------------	-------------------	-------------------	-------------------	----------	----------------

<b>TOTAL EXPENDITURES</b>	<u>68,165,111</u>	<u>68,179,199</u>	<u>64,748,432</u>	<u>1,119,795</u>	<u>2,310,972</u>
---------------------------	-------------------	-------------------	-------------------	------------------	------------------

**OTHER FINANCING USES**

Transfers out					
Special Aid Fund	45,000	45,000	25,813	-	19,187
Capital Projects Fund	75,000	75,000	75,000	-	-
Debt Service Fund	3,601,461	3,601,461	3,601,460	-	1

<b>TOTAL OTHER FINANCING USES</b>	<u>3,721,461</u>	<u>3,721,461</u>	<u>3,702,273</u>	<u>-</u>	<u>19,188</u>
-----------------------------------	------------------	------------------	------------------	----------	---------------

<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u><u>\$ 71,886,572</u></u>	<u><u>\$ 71,900,660</u></u>	<u><u>\$ 68,450,705</u></u>	<u><u>\$ 1,119,795</u></u>	<u><u>\$ 2,330,160</u></u>
--	-----------------------------	-----------------------------	-----------------------------	----------------------------	----------------------------

**(This page intentionally left blank)**

**Pelham Union Free School District, New York**

Special Aid Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 22,726	\$ 20,494
State and Federal aid receivable	<u>601,463</u>	<u>621,518</u>
Total Assets	<u>\$ 624,189</u>	<u>\$ 642,012</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 5,203	\$ 2,236
Accrued liabilities	2,219	3,854
Due to other funds	<u>616,767</u>	<u>635,922</u>
Total Liabilities	<u>\$ 624,189</u>	<u>\$ 642,012</u>

**Pelham Union Free School District, New York**

## Special Aid Fund

## Comparative Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

Years Ended June 30,

	2016			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 103,254	\$ 103,254	\$ 103,254	\$ -
Federal aid	730,712	767,894	640,457	(127,437)
Total Revenues	833,966	871,148	743,711	(127,437)
<b>EXPENDITURES</b>				
Current				
Instruction	835,466	872,648	731,923	140,725
Pupil transportation	43,500	43,500	37,601	5,899
Total Expenditures	878,966	916,148	769,524	146,624
Deficiency of Revenues Over Expenditures	(45,000)	(45,000)	(25,813)	19,187
<b>OTHER FINANCING SOURCES</b>				
Transfers in	45,000	45,000	25,813	(19,187)
Net Change in Fund Balance	-	-	-	-
<b>FUND BALANCE</b>				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

2015			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 106,270	\$ 140,372	\$ 140,372	\$ -
694,878	694,139	638,962	(55,177)
801,148	834,511	779,334	(55,177)
822,840	822,840	766,855	55,985
38,308	38,308	38,308	-
861,148	861,148	805,163	55,985
(60,000)	(26,637)	(25,829)	808
60,000	26,637	25,829	(808)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

**Pelham Union Free School District, New York**

Capital Projects Fund  
Comparative Balance Sheet  
June 30,

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 237,894	\$ 401,877
Due from other funds	<u>-</u>	<u>2,687</u>
Total Assets	<u><u>\$ 237,894</u></u>	<u><u>\$ 404,564</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 20,702	\$ 2,687
Due to other funds	<u>14</u>	<u>1,391</u>
Total Liabilities	20,716	4,078
Fund balance		
Restricted	<u>217,178</u>	<u>400,486</u>
Total Liabilities and Fund Balance	<u><u>\$ 237,894</u></u>	<u><u>\$ 404,564</u></u>



**Pelham Union Free School District, New York**

Capital Projects Fund

Comparative Statement of Revenues, Expenditures and Changes

in Fund Balance

Years Ended June 30,

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>	\$ -	\$ -
<b>EXPENDITURES</b>		
Capital outlay	<u>258,308</u>	<u>688,150</u>
Deficiency of Revenues Over Expenditures	<u>(258,308)</u>	<u>(688,150)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	75,000	75,000
Transfers out	<u>-</u>	<u>(193,589)</u>
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>(118,589)</u>
Net Change in Fund Balance	(183,308)	(806,739)
<b>FUND BALANCE</b>		
Beginning of Year	<u>400,486</u>	<u>1,207,225</u>
End of Year	<u>\$ 217,178</u>	<u>\$ 400,486</u>

**Pelham Union Free School District, New York**

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2016

---

Project	Project Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
Reconstruction of High School Facade Project	\$ 94,950	\$ 82,856	\$ -	\$ 82,856
Safety and Security Project	800,000	398,152	258,308	656,460
Colonial Playground	112,150	-	-	-
Totals	<u>\$ 1,007,100</u>	<u>\$ 481,008</u>	<u>\$ 258,308</u>	<u>\$ 739,316</u>

Unexpended Balance	Methods of Financing	Fund Balance at June 30, 2016
	Interfund Transfers	
\$ 12,094	\$ 82,856	\$ -
143,540	800,000	143,540
112,150	73,638	73,638
<u>\$ 267,784</u>	<u>\$ 956,494</u>	<u>\$ 217,178</u>

**Pelham Union Free School District, New York**

Debt Service Fund  
Comparative Balance Sheet  
June 30,

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 2,341,224	\$ 2,716,979
Due from other funds	<u>14</u>	<u>29</u>
Total Assets	<u><u>\$ 2,341,238</u></u>	<u><u>\$ 2,717,008</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Due to other funds	<u>\$ -</u>	<u>\$ 2,687</u>
Fund balance		
Restricted	1,991,238	2,339,321
Assigned	<u>350,000</u>	<u>375,000</u>
Total Fund Balance	<u><u>2,341,238</u></u>	<u><u>2,714,321</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 2,341,238</u></u>	<u><u>\$ 2,717,008</u></u>

**Pelham Union Free School District, New York**

## Debt Service Fund

## Comparative Statement of Revenues, Expenditures and Changes

in Fund Balance

Years Ended June 30,

	2016	2015
<b>REVENUES</b>		
Use of money and property	\$ 1,917	\$ 2,847
<b>EXPENDITURES</b>		
Debt service		
Refunding bond issuance costs	161,026	-
Principal		
Installment purchase debt	17,404	17,404
Serial bonds	2,140,000	2,175,000
Interest		
Serial bonds	1,444,056	1,527,525
Total Expenditures	3,762,486	3,719,929
Deficiency of Revenues Over Expenditures	(3,760,569)	(3,717,082)
<b>OTHER FINANCING SOURCES (USES)</b>		
Refunding bonds issued	17,150,000	-
Payment to refunded bond escrow account	(18,799,763)	-
Issuance premium	1,810,789	-
Transfers in	3,601,460	3,799,118
Transfers out	(375,000)	(150,000)
Total Other Financing Sources	3,387,486	3,649,118
Net Change in Fund Balance	(373,083)	(67,964)
<b>FUND BALANCE</b>		
Beginning of Year	2,714,321	2,782,285
End of Year	\$ 2,341,238	\$ 2,714,321

**Pelham Union Free School District, New York**

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2016  
(With Comparative Totals for 2015)

---

	School Lunch	Special Purpose	Permanent
<b>ASSETS</b>			
Cash and equivalents	\$ 476,986	\$ 1,084,382	\$ -
Receivables			
Accounts	2,723	-	-
State and Federal aid	9,538	-	-
Due from other funds	-	17	596,458
	12,261	17	596,458
Inventories	3,844	-	-
Total Assets	<u>\$ 493,091</u>	<u>\$ 1,084,399</u>	<u>\$ 596,458</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 108,620	\$ 18,417	\$ 146
Due to other governments	211	-	-
Unearned revenues	41,421	-	-
Due to other funds	-	596,473	-
Total Liabilities	150,252	614,890	146
Fund balances			
Nonspendable	3,844	-	592,839
Restricted	-	469,509	3,473
Assigned	338,995	-	-
Total Fund Balances	342,839	469,509	596,312
Total Liabilities and Fund Balances	<u>\$ 493,091</u>	<u>\$ 1,084,399</u>	<u>\$ 596,458</u>

Total Non-Major Governmental Funds	
2016	2015
\$ 1,561,368	\$ 1,301,494

2,723	2,700
9,538	9,386
596,475	596,379
608,736	608,465
3,844	1,480
\$ 2,173,948	\$ 1,911,439

\$ 127,183	\$ 123,094
211	270
41,421	38,435
596,473	601,179
765,288	762,978

596,683	594,319
472,982	297,666
338,995	256,476
1,408,660	1,148,461
\$ 2,173,948	\$ 1,911,439

**Pelham Union Free School District, New York**

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances  
Non-Major Governmental Funds  
Year Ended June 30, 2016  
(With Comparative Totals for 2015)

---

	School Lunch	Special Purpose	Permanent
<b>REVENUES</b>			
Use of money and property	\$ 163	\$ 77	\$ 229
State aid	9,236	-	-
Federal aid	165,659	-	-
Food sales	571,832	-	-
Miscellaneous	-	438,255	-
Total Revenues	746,890	438,332	229
<b>EXPENDITURES</b>			
Current			
Cost of food sales	662,007	-	-
Other	-	262,949	296
Total Expenditures	662,007	262,949	296
Excess (Deficiency) of Revenues Over Expenditures	84,883	175,383	(67)
<b>FUND BALANCES</b>			
Beginning of Year	257,956	294,126	596,379
End of Year	\$ 342,839	\$ 469,509	\$ 596,312



Total Non-Major Governmental Funds	
2016	2015
\$ 469	\$ 411
9,236	8,834
165,659	136,272
571,832	544,400
438,255	777,167
<u>1,185,451</u>	<u>1,467,084</u>
662,007	602,081
263,245	352,167
<u>925,252</u>	<u>954,248</u>
260,199	512,836
<u>1,148,461</u>	<u>635,625</u>
<u>\$ 1,408,660</u>	<u>\$ 1,148,461</u>

**Pelham Union Free School District, New York**

School Lunch Fund  
Comparative Balance Sheet  
June 30,

	2016	2015
<b>ASSETS</b>		
Cash and equivalents	\$ 476,986	\$ 394,455
Receivables		
Accounts	2,723	2,700
State and Federal aid	9,538	9,386
	12,261	12,086
Inventories	3,844	1,480
Total Assets	\$ 493,091	\$ 408,021
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 108,620	\$ 111,360
Due to other governments	211	270
Unearned revenues	41,421	38,435
Total Liabilities	150,252	150,065
Fund balance		
Nonspendable	3,844	1,480
Assigned	338,995	256,476
Total Fund Balance	342,839	257,956
Total Liabilities and Fund Balance	\$ 493,091	\$ 408,021

**Pelham Union Free School District, New York**

School Lunch Fund

Comparative Statement of Revenues, Expenditures and Changes  
in Fund Balance

Years Ended June 30,

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Use of money and property	\$ 163	\$ 207
State aid	9,236	8,834
Federal aid	165,659	136,272
Food sales	<u>571,832</u>	<u>544,400</u>
Total Revenues	746,890	689,713
<b>EXPENDITURES</b>		
Current		
Cost of food sales	<u>662,007</u>	<u>602,081</u>
Excess of Revenues Over Expenditures	84,883	87,632
<b>FUND BALANCE</b>		
Beginning of Year	<u>257,956</u>	<u>170,324</u>
End of Year	<u>\$ 342,839</u>	<u>\$ 257,956</u>

**Pelham Union Free School District, New York**

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 1,084,382	\$ 907,039
Due from other funds	<u>17</u>	<u>-</u>
Total Assets	<u>\$ 1,084,399</u>	<u>\$ 907,039</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 18,417	\$ 11,734
Due to other funds	<u>596,473</u>	<u>601,179</u>
Total Liabilities	614,890	612,913
Fund balance		
Restricted	<u>469,509</u>	<u>294,126</u>
Total Liabilities and Fund Balance	<u>\$ 1,084,399</u>	<u>\$ 907,039</u>

**Pelham Union Free School District, New York**

Special Purpose Fund

Comparative Statement of Revenues, Expenditures and Changes  
in Fund Balance

Years Ended June 30,

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Use of money and property	\$ 77	\$ 101
Miscellaneous	<u>438,255</u>	<u>214,703</u>
Total Revenues	438,332	214,804
<b>EXPENDITURES</b>		
Current		
Other	<u>262,949</u>	<u>352,167</u>
Excess (Deficiency) of Revenues Over Expenditures	175,383	(137,363)
<b>FUND BALANCE</b>		
Beginning of Year	<u>294,126</u>	<u>431,489</u>
End of Year	<u><u>\$ 469,509</u></u>	<u><u>\$ 294,126</u></u>

**Pelham Union Free School District, New York**

Permanent Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Due from other funds	<u>\$ 596,458</u>	<u>\$ 596,379</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	<u>\$ 146</u>	<u>\$ -</u>
Fund balance		
Nonspendable	592,839	592,839
Restricted	<u>3,473</u>	<u>3,540</u>
Total Fund Balance	<u>596,312</u>	<u>596,379</u>
Total Liabilities and Fund Balance	<u>\$ 596,458</u>	<u>\$ 596,379</u>

**Pelham Union Free School District, New York**

Permanent Fund

Comparative Statement of Revenues, Expenditures and Changes

in Fund Balance

Years Ended June 30,

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Use of money and property	\$ 229	\$ 103
Miscellaneous	<u>-</u>	<u>562,464</u>
Total Revenues	229	562,567
<b>EXPENDITURES</b>		
Other	<u>296</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	(67)	562,567
<b>FUND BALANCE</b>		
Beginning of Year	<u>596,379</u>	<u>33,812</u>
End of Year	<u><u>\$ 596,312</u></u>	<u><u>\$ 596,379</u></u>

**Pelham Union Free School District, New York**

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2016

---

Adopted budget	\$ 70,154,600
Additions	
Encumbrance	<u>1,731,972</u>
Original Budget	71,886,572
Budget amendments	<u>14,088</u>
Final Budget	<u><u>\$ 71,900,660</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

---

2016-17 Expenditure Budget	\$ <u>70,938,000</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	3,357,245
Unassigned fund balance	<u>2,837,523</u>
Total Unrestricted Fund Balance	<u>6,194,768</u>
Less	
Appropriated for subsequent year's budget	2,237,454
Encumbrances	<u>1,119,795</u>
Total Adjustments	<u>3,357,249</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,837,519</u></u>
Actual Percentage	<u><u>4.00%</u></u>



**Pelham Union Free School District, New York**

Schedule of Net Investment  
in Capital Assets  
Year Ended June 30, 2016

---

Capital assets, net	\$ 49,768,050
Less	
Bonds payable	(35,645,000)
Unamortized portion of premium and loss on refunding bonds	<u>(1,441,026)</u>
Net invested in capital assets	<u><u>\$ 12,682,024</u></u>

**(This page intentionally left blank)**

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

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pelham Union Free School District, New York ("School District") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 9, 2016.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

We noted certain matters that we reported to the management of the School District in a separate letter.

## **Purpose of this Report**

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

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 9, 2016



**Report on Compliance For Each Major Federal Program and Report on  
Internal Control Over Compliance Required by  
the Uniform Guidance**

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program**

We have audited Pelham Union Free School District, New York's ("School District") compliance with the types of compliance requirements described in the OMB Compliance *Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2016. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of School District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

September 9, 2016

**Pelham Union Free School District, New York**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number (1)</u>	<u>Passed Through to Sub- recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553		\$ -	\$ 5,734
National School Lunch Program - Commodities	10.555		-	44,593
National School Lunch Program - Cash	10.555		-	115,332
Total U.S. Department of Agriculture			-	165,659
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education				
Title I Grants - Local Educational Agencies	84.010	021-15-3780	-	20,553
Title I Grants - Local Educational Agencies	84.010	021-16-3780	-	48,770
			-	69,323
<i>Special Education - Cluster (IDEA)</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	032-16-1089	-	504,226
Special Education - Preschool Grants (IDEA Preschool)	84.173	033-16-1089	-	4,514
			-	508,740
Improving Teacher Quality State Grants	84.367	147-15-3780	-	8,112
Improving Teacher Quality State Grants	84.367	147-16-3780	-	54,282
			-	62,394
Total U.S. Department of Education			-	640,457
Total Expenditures of Federal Awards			\$ -	\$ 806,116

(1) Catalog of Federal Domestic Assistance number.

The accompanying notes are an integral part of this schedule.

**Pelham Union Free School District, New York**

Notes to Schedule of Expenditures of Federal Awards  
June 30, 2016

---

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all federal awards programs for the year ended June 30, 2016. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule.

2. *Basis of Accounting*

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. *Relationship to Financial Statements*

The District's fund financial statements are presented using the modified accrual basis of accounting.



**Pelham Union Free School District, New York**

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2016

---

None

**Pelham Union Free School District, New York**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016

---

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting {*unmodified  
modified, adverse, or disclaimer*}:

Internal control over financial reporting:

- |  |                 |                            |
|--|-----------------|----------------------------|
| • Material weakness(es) identified                         | <u>    </u> yes | <u>  X  </u> no            |
| • Significant deficiency(ies) identified?                  | <u>    </u> yes | <u>  X  </u> none reported |
| • Noncompliance material to financial<br>statements noted? | <u>    </u> yes | <u>  X  </u> no            |

**Federal Awards**

Internal control over major programs:

- |   |                 |                            |
|---|-----------------|----------------------------|
| • Material weakness(es) identified?       | <u>    </u> yes | <u>  X  </u> no            |
| • Significant deficiency(ies) identified? | <u>    </u> yes | <u>  X  </u> none reported |

Type of auditor's report issued on compliance  
for major programs {*unmodified, modified,  
adverse, or disclaimer*}:

Unmodified

Any audit findings disclosed that are  
required to be reported in accordance  
with 2 CFR 200.516(a)?

     yes        X   no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027  
84.173

Special Education Cluster:  
Special Education – Grants to States (IDEA, Part B)  
Special Education – Preschool Grants (IDEA Preschool)

Dollar threshold used to distinguish  
between Type A and Type B programs:  
Auditee qualified as low-risk auditee?

 \$750,000   
  X   Yes         No

**Pelham Union Free School District, New York**

**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2016**

---

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None