

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2012 AND 2011**

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*Conroy, Boulrice, Telling & Trombley, PC*

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*Certified Public Accountants*

JACK L. CONROY, CPA

MICHAEL L. BOULRICE, CPA

THOMAS R. TELLING, CPA

LEO P. TROMBLEY, CPA

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Beekmantown Central School District  
West Chazy, New York 12992

We have audited the accompanying financial statements of the governmental activities of Beekmantown Central School District, as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of Beekmantown Central School District's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the District's 2011 financial statements, and in our report dated December 7, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Beekmantown Central School District, as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2012, on our consideration of the Beekmantown Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 46 through 47 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 Boards, 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 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.

Our Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beekmantown Central School District's basic financial statements as a whole. The Schedule of Change from Original Budget to Revised Budget, Schedule of Project Expenditures, Schedule of Certain Revenues and Expenditures Compared to ST-3 Data, Investment in Capital Assets, Net of Related Debt and Schedule of Funding Progress for the Retiree Health Plan are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Beekmantown Central School District. The Schedule of Change from Original Budget to Revised Budget, Schedule of Project Expenditures, Schedule of Certain Revenues and Expenditures Compared to ST-3 Data, Investment in Capital Assets, Net of Related Debt and Schedule of Funding Progress for the Retiree Health Plan 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 financial statements. The 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 financial statements or to the 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 taken as a whole.

*Conroy, Boulrice, Telling & Trombley, P.C.*

Conroy, Boulrice, Telling & Trombley, PC  
October 22, 2012

## **Management Discussion and Analysis**

Within this section of the Beekmantown Central School District's annual financial report, the School's management provides narrative discussion and analysis of the financial activities of the School for the fiscal year ended June 30, 2012. The School's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Additional information is available in the auditor's opinion letter, which precedes management's discussion and analysis.

### **Financial Highlights**

- The District received voter approval in May 2008 for renovation of district infrastructure in accordance with the District 5-year Capital Facilities Plan consisting of health and safety renovations, equipment upgrades and other alterations, renovations, and improvements to Cumberland Head Elementary School and the Main Building (K-12 facilities). The total ongoing project has a total estimated cost not to exceed \$6,655,455 using all available state aid including Excel Aid; and
- As of June 30, 2012, under the GASB 34 reporting model, the change in net assets was (\$6,634,271). Under the fund accounting model, the change in fund balance was \$(882,306). The primary reasons for these differences involve other post employment benefits and debt service transactions. For Further details, see the reconciliation on pages 19 and 20.

### **Overview of the Financial Statements**

Management's discussion and analysis introduces the School's basic financial statements. The basic financial statements include: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

### **District-Wide Financial Statements**

The Governmental Accounting Standards Board's Statement #34 requires that reporting financial status take place in a district-wide format. The School's annual report includes two such district-wide financial statements, which provide both long-term and short-term information about the School's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these district-wide statements is the Statement of Net Assets. This is a school-wide statement of position presenting information that includes all of the School's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the overall financial position of the School is

improving or deteriorating. In addition to the financial information provided in this report, evaluation of the overall health of the School would extend to other non-financial factors such as diversification of the taxpayer base, the continued financial support of the State and Federal governments, and the condition of the School's infrastructure.

The second district-wide statement is the Statement of Activities. This statement reports how the School's net assets changed during the current fiscal year. All current revenues and expenditures are included regardless of when cash is received or paid. An important purpose for the design of the statement of activities is to show the financial reliance of the School's distinct activities or functions on revenues provided by the School's taxpayers.

Both of the district-wide financial statements distinguish government activities of the School that are principally supported by State and Federal sources, intergovernmental revenues, such as operating grants, and revenue from the local tax levy. Fiduciary activities, such as those for which the accounting occurs in the trust and agency fund, are not included in the government-wide statements since these assets are not available to fund the School programs.

The district-wide financial statements are presented on pages 13 and 14 of this report.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The School uses funds to ensure and demonstrate compliance with finance-related law and regulations. Within the basic financial statements, fund financial statements focus on the School's most significant funds rather than the School as a whole. Major funds are reported separately while all others are combined in a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report. The School has two kinds of funds:

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide statements, the governmental fund statements focus on the near-term inflows and outflows of resources available for spending. These statements illustrate short-term fiscal accountability in the use of such resources and the balances of such resources at the end of the fiscal year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of such resources for the near-term.

Since the district-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the government fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balance have been reconciled in the notes to the financial statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the supplemental financial statements for the General Fund. These statements and schedules demonstrate regulatory compliance with the School's adopted and final revised budget.

The basic governmental fund financial statements are presented on pages 15 through 16 of this report.

Fiduciary Funds such as the scholarship accounts, extra-classroom activity balances and other payroll withholdings are reported in the fiduciary fund financial statements, but are excluded from the district-wide reporting. Fiduciary fund financial statements report resources that are not available to fund school programs.

The basic fiduciary fund financial statements are presented on pages 17 and 18 of this report.

### **Notes to Financial Statements**

Notes to Financial Statements provide information essential to a full understanding of the district-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also includes supplementary information beginning on page 43.



## Financial Analysis of the District as a Whole

The District's net assets at fiscal year end are \$(5,153,084). This represents a \$6,634,271 decrease from last year's net assets of \$1,481,187. The following table provides a summary of the School's net assets:

### Summary of Net Assets

	<u>06/30/12</u>	<u>06/30/11</u>
Current and Other Assets	\$ 12,437,699	\$ 13,180,988
Capital Assets	<u>35,910,730</u>	<u>36,641,273</u>
Total Assets	<u>\$ 48,348,429</u>	<u>\$ 49,822,261</u>
Current Liabilities	\$ 11,866,699	\$ 12,012,682
Long-Term Liabilities	<u>41,634,814</u>	<u>36,328,392</u>
Total Liabilities	<u>53,501,513</u>	<u>48,341,074</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	17,504,412	15,841,717
Restricted	3,067,445	2,253,781
Unrestricted	<u>(25,724,941)</u>	<u>(16,614,311)</u>
Total Net Assets	<u>(5,153,084)</u>	<u>1,481,187</u>
Total Liabilities and Net Assets	<u>\$ 48,348,429</u>	<u>\$ 49,822,261</u>

The following table and supporting graphs provide a summary of revenues, expenses and net assets for the year ended June 30, 2012:

Statement of Activities  
Summary of Changes in Net Assets

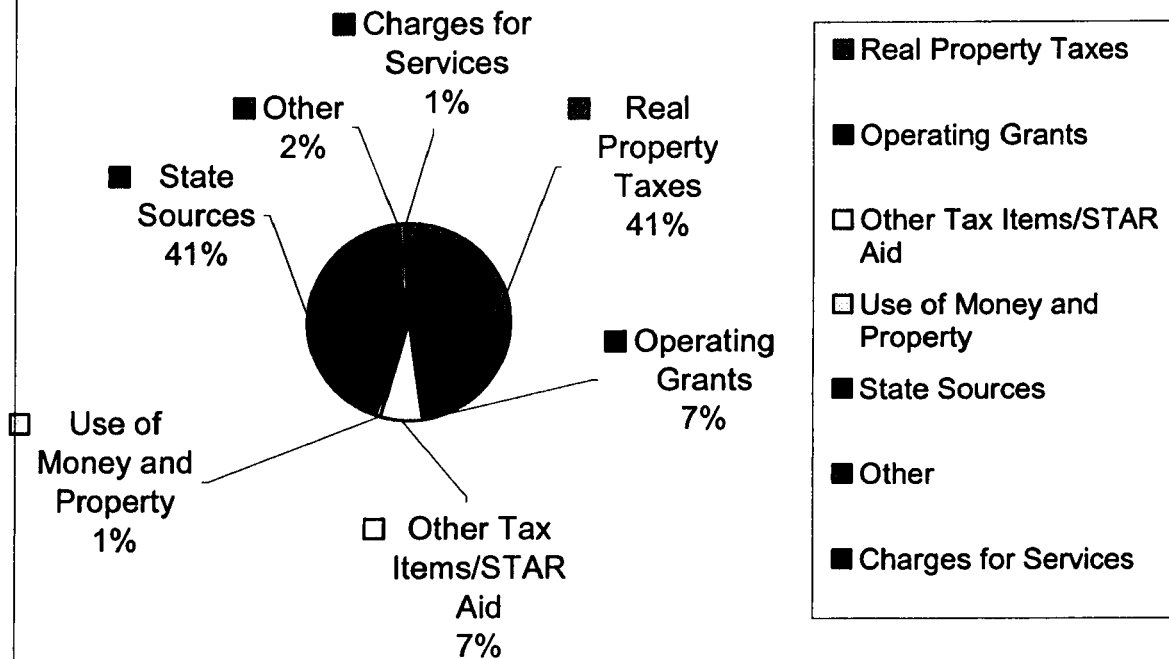
	<u>06/30/12</u>	<u>06/30/11</u>	%
<b>Revenues:</b>			Change
Program Revenues:			
Charges for services	\$ 349,997	\$ 356,598	-1.9%
Operating Grants & Contributions	2,688,132	2,681,959	0.2%
General Revenues:			
Property Taxes	15,711,862	14,303,471	9.8%
School Tax Relief (STAR)	2,503,012	2,444,475	2.4%
State Formula Aid	16,011,470	16,329,074	-1.9%
Use of Money and Property	301,881	317,211	-4.8%
Miscellaneous	868,084	1,074,551	-19.2%
<b>Total Revenues:</b>	<u>38,434,438</u>	<u>37,507,339</u>	2.5%
<b>Expenses:</b>			
General Government Support	3,441,121	3,717,708	-7.4%
Instruction	21,329,364	22,633,562	-5.8%
Pupil Transportation	1,881,504	1,981,229	-5.0%
Community Services	-	17,164	-100.0%
Employee Benefits	9,907,648	9,759,204	1.5%
Employee Benefits, OPEB GASB 45	7,646,982	7,263,267	5.3%
Debt Service – Interest	467,857	783,513	-40.3%
Cost of Sales – food	394,233	415,994	-5.2%
<b>Total Expenses:</b>	<u>45,068,709</u>	<u>46,571,641</u>	-3.2%
 Increase (decrease) in Net Assets:	 (6,634,271)	 (9,064,302)	 -26.8%
 Beginning Net Assets	 <u>1,481,187</u>	 <u>10,545,489</u>	
 Ending Net Assets	 <u><u>\$ (5,153,084)</u></u>	 <u><u>\$ 1,481,187</u></u>	

Revenues for the District's governmental activities totaled \$38,434,438 while total expenses equaled \$45,068,709. Therefore, the decrease in net assets for governmental activities was \$6,634,271 in 2012. The District's financial condition can be credited to:

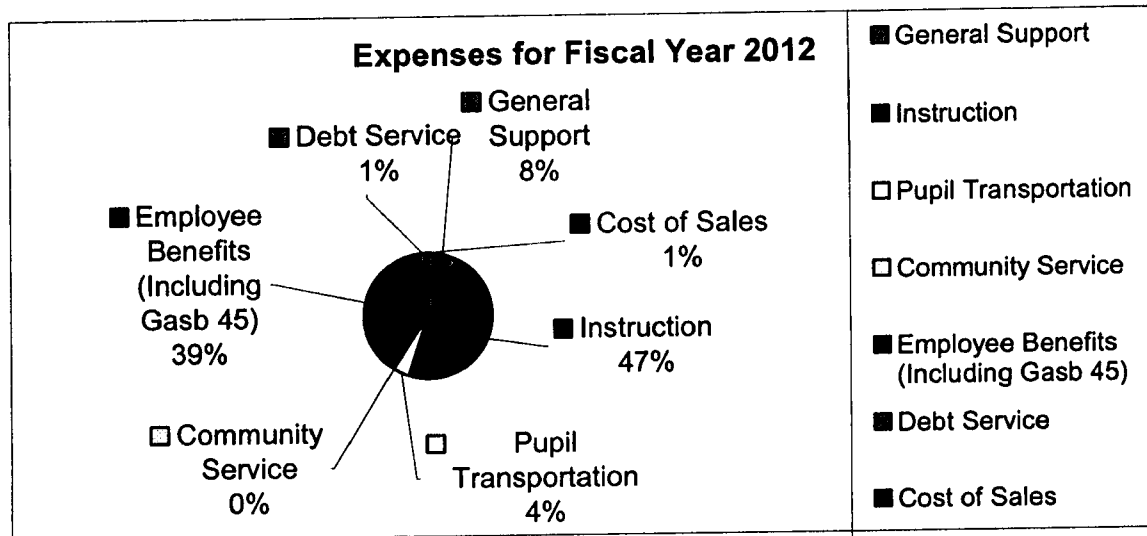
- The Board of Education reaches out to all residents through an active web site, presenting our budget at convenient community locations, and encouraging community input at Board of Education meetings;
- The Audit Committee meets monthly to review and discuss financial documents and, where required, recommends those documents to the full Board of Education for review and approval;

- The Board of Education continually reviews board policies on fiscal management and internal controls and updates them for adherence to applicable laws;
- Internal controls include training for the claims auditor. The claims auditor matches all vendor payment claims and supporting documentation against the warrant report and indicates approval with a signature. Additionally, the claims auditor submits a monthly report of findings to the Board and meets with the audit committee;
- Bank statements are current and necessary documentation is maintained with the statements. The Audit Committee and Board of Education are provided with a current Treasurer's Report each month;
- Health insurance and other employee benefits are reviewed monthly to insure benefits are limited to only participants contractually entitled to such benefits;
- Submitted payrolls are reviewed for accuracy, which includes verifying contractual rates of pay to insure no unnecessary spending and payment. Substitutes are utilized only when necessary;
- Grants are reviewed to verify all expenditures, including payroll and benefits, are paid properly from these grants;
- Termination of employees is documented and unemployment claims are monitored closely;
- The District continues to manage expenditures through the solicitation of competitive bids and requests for proposal. The District also participates in state contract purchasing through the NYS Office of General Services and competitive bidding with St. Lawrence BOCES; and
- Equipment and computers purchased are tracked using a computerized inventory control system.
- During the year ended June 30, 2009, the District implemented GASB45 which requires the District to calculate and report the present value of the future liability for retiree health insurance costs. The District hired an actuary to calculate the liability which is reported in the Statement of Net Assets at \$27,559,286.
- The Board of Education annually supports professional development in fiscal management and compliance for the business office staff. The Board of Education recruited and appointed an accountant, with auditing experience with the NYS Comptroller's Office, to the District Treasurer's position. Additionally, the Board of Education appointed a Certified Public Accountant to the School Business Executive's position.

## Sources of Revenues for Fiscal Year 2012



Revenue Source	Amount
Real Property Taxes	\$ 15,711,862
Operating Grants	2,688,132
Other Tax Items/STAR Aid	2,503,012
Use of Money and Property	301,881
State Sources	16,011,470
Other	868,084
Charges for Services	349,997
	<u>\$ 38,434,438</u>



Expenditure	Amount
General Support	\$ 3,441,121
Instruction	21,329,364
Pupil Transportation	1,881,504
Community Service	-
Employee Benefits (Including Gasb 45)	17,554,630
Debt Service	467,857
Cost of Sales	394,233
	<u>\$ 45,068,709</u>

### Financial Analysis of the School District's Funds

As discussed, the School's governmental funds are reported in the fund statements with a modified accrual basis that focuses on the short-term, inflow and outflow of resources available for spending. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the School District consist of the General Fund, Special Revenue Fund, and Capital Projects Fund.

Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

## Capital Assets and Debt Administration

### Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2012, was \$35,910,730 which represents a decrease of 2.0% from the 2011 balances. The capital assets include renovation of district infrastructure in accordance with the District's 5-year Capital Facilities Plan consisting of health and safety renovations, equipment upgrades and other alterations, renovations, and improvements to Cumberland Head Elementary School and the Main Building (K-12 facilities), at a total estimated cost not to exceed \$6,655,455.

#### CAPITAL ASSETS Net of Accumulated Depreciation

	<u>2012</u>	<u>2011</u>	<u>% Change</u>
Non-Depreciable Assets:			
Land	\$ 73,608	\$ 73,608	0.0%
Construction in Progress	4,972,079	4,876,276	2.0%
Depreciable Assets:			
Buildings	28,856,492	29,301,411	-1.5%
Machinery and Equipment	<u>2,008,551</u>	<u>2,389,978</u>	<u>-16.0%</u>
TOTAL	<u>\$ 35,910,730</u>	<u>\$ 36,641,273</u>	<u>-2.0%</u>

### Long Term Debt

At the end of the fiscal year, the District had \$44,034,814 in long-term debt outstanding. More detailed information about the District's long-term liabilities and Bond Anticipation Notes are presented in Notes 2 and 7 to the financial statements.

	<u>2012</u>	<u>2011</u>	<u>% Change</u>
Compensated Absences	\$ 3,620,528	\$ 3,766,088	-3.9%
Bonds Payable	12,855,000	14,850,000	-13.4%
Other Post Employment Benefits	27,559,286	19,912,304	38.4%
	<u>\$ 44,034,814</u>	<u>\$ 38,528,392</u>	<u>14.3%</u>

### **Factors Bearing on the Future of District**

At the time these financial statements were prepared and audited, the District faces the following existing circumstances that could significantly affect its financial health in the future:

- Condition of State's financial health and the impact this condition will have on state aid.
- Potential increases in the employer's contribution to the Teacher's Retirement System and the Employee Retirement System.
- Increasing cost of health insurance premiums.
- State-wide and District trends indicate declining enrollment
- Long range positive financial relief/benefit resulting from the NYS creation of Tier V and Tier VI class employees.
- Anticipated growth in the local economy stemming from active local economic development efforts, including an Aerospace facility suggest a potential period of growth for District.
- Continued reductions in funding from Federal and State Grants
- Increased number of retirees receiving benefits for longer period of time.

### **Contacting the Financial Managers of the School**

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances, comply with finance-related laws and regulations and demonstrate the School's commitment to public accountability. If you have questions about this report, or would like to request additional information, please contact:

Beekmantown Central School District Offices  
Attn: Scott A. Amo, Superintendent  
37 Eagle Way, West Chazy, NY 12992-2577  
(518) 563-8250 Ext 5501

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## EXHIBIT 1

## STATEMENTS OF NET ASSETS

June 30, 2012 and 2011

<b>ASSETS</b>	<b>2012</b>	<b>2011</b>
Cash:		
Unrestricted	\$ 6,935,089	\$ 8,817,691
Restricted	2,472,560	1,731,356
Receivables:		
Accounts Receivable	7,235	70,118
Due from Fiduciary Funds	102,282	98,201
State and Federal Aid Receivable	1,865,832	1,948,339
Due from Other Governments	553,404	488,669
Inventories	16,297	26,614
Deferred Interest	485,000	-
Capital Assets, Net	35,910,730	36,641,273
<b>Total Assets</b>	<b>\$ 48,348,429</b>	<b>\$ 49,822,261</b>
<b>LIABILITIES</b>		
Payables:		
Accounts Payable and Accrued Expenses	\$ 246,771	\$ 489,010
Accounts Payable-Retained Percentage	-	5,042
Bond Anticipation Notes Payable	7,139,398	7,633,438
Due to Other Governments	132,501	23,921
Due to Fiduciary Funds	405	275
Long-Term Liabilities		
Due and payable within one year:		
Bonds Payable - Current	2,400,000	2,200,000
Compensated Absences	109,077	96,395
Due to Teacher's Retirement System	1,675,872	1,403,592
Due to Employee Retirement System	162,675	161,009
Due and payable after one year:		
Bonds Payable - Non-Current	10,455,000	12,650,000
Compensated Absences Payable	3,620,528	3,766,088
Other post employment benefits	27,559,286	19,912,304
<b>Total Liabilities</b>	<b>53,501,513</b>	<b>48,341,074</b>
<b>NET ASSETS</b>		
Investment in Capital Assets, Net of Related Debt	17,504,412	15,841,717
Restricted:		
Debt Service	561,474	489,017
Tax Certiorari	246,276	163,105
Unemployment Insurance	98,195	33,413
Employee Benefit Accrued Liability	1,781,495	1,568,246
Workers Comp Reserve	85,001	-
Retirement Reserve	295,004	-
Unrestricted	(25,724,941)	(16,614,311)
<b>Total Net Assets</b>	<b>(5,153,084)</b>	<b>1,481,187</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 48,348,429</b>	<b>\$ 49,822,261</b>



## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## EXHIBIT 2

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012 and 2011

Functions/ Programs	2012			2011	
	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	
	EXPENSES	CHARGES FOR SERVICES			
General Support	\$ (3,441,121)	\$ -	\$ 598,830	\$ (2,842,291)	\$ (3,194,502)
Instruction	(21,329,364)	-	2,089,302	(19,240,062)	(20,474,809)
Pupil Transportation	(1,881,504)	-	-	(1,881,504)	(1,981,229)
Community Service	-	-	-	-	(17,164)
Employee Benefits	(17,554,630)	-	-	(17,554,630)	(17,022,471)
Debt Service	(467,857)	-	-	(467,857)	(783,513)
Cost of Sales (School Lunch)	(394,233)	349,997	-	(44,236)	(59,396)
<b>Total Functions and Programs</b>	<b>\$ (45,068,709)</b>	<b>\$ 349,997</b>	<b>\$ 2,688,132</b>	<b>(42,030,580)</b>	<b>(43,533,084)</b>
<b>General Revenues</b>					
Real Property Taxes				15,711,862	14,303,471
Other Tax Items/STAR Aid				2,503,012	2,444,475
Charges for services				48,062	81,457
Use of Money and Property				301,881	317,211
Sale of Property and Compensation for Loss				1,781	3,187
Miscellaneous				630,698	368,843
State Sources				16,011,470	16,329,074
Federal Sources				187,543	621,064
<b>Total General Revenues</b>				<b>35,396,309</b>	<b>34,468,782</b>
<b>Change in Net Assets</b>				<b>(6,634,271)</b>	<b>(9,064,302)</b>
<b>Total Net Assets - Beginning of Year</b>				<b>1,481,187</b>	<b>10,545,489</b>
<b>Total Net Assets - End of Year</b>				<b>\$ (5,153,084)</b>	<b>\$ 1,481,187</b>

See Notes to the Financial Statements.

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## EXHIBIT 3

BALANCE SHEETS - GOVERNMENTAL FUNDS  
June 30, 2012 and 2011

	General Fund	Special Revenue	Capital Projects	Debt Service	2012 TOTAL	2011 TOTAL
<b>ASSETS</b>						
Unrestricted Cash	\$ 4,551,522	\$ 158,222	\$ 2,225,345	\$ -	\$ 6,935,089	\$ 8,817,691
Restricted Cash	2,472,560	-	-	-	2,472,560	1,731,356
Accounts Receivable	717	6,518	-	-	7,235	70,118
Due from Other Funds	2,427,860	1,342,490	359,924	591,416	4,721,690	2,171,853
Due from Fiduciary Funds	102,282	-	-	-	102,282	-
Inventories	-	16,297	-	-	16,297	26,614
State & Federal Aid Receivable	884,321	694,345	287,166	-	1,865,832	1,948,339
Due from Other Governments	553,404	-	-	-	553,404	488,669
<b>Total Assets</b>	<b>\$ 10,992,666</b>	<b>\$ 2,217,872</b>	<b>\$ 2,872,435</b>	<b>\$ 591,416</b>	<b>\$ 16,674,389</b>	<b>\$ 15,254,640</b>
<b>LIABILITIES</b>						
Accounts Payable and Accrued Expenses	\$ 101,008	\$ 145,763	\$ -	\$ -	\$ 246,771	\$ 489,010
Accounts Payable - Retained Percentage	-	-	-	-	-	5,042
Bond Anticipation Notes Payable	-	-	7,139,398	-	7,139,398	7,633,438
Due to Other Funds	1,226,541	2,180,852	1,284,355	29,942	4,721,690	2,073,927
Due from Fiduciary Funds	405	-	-	-	405	-
Due to Other Governments	132,317	184	-	-	132,501	23,921
Due to Teachers' Retirement System	1,675,872	-	-	-	1,675,872	1,403,592
Due to Employees' Retirement System	162,675	-	-	-	162,675	161,009
Compensated Absences	109,077	-	-	-	109,077	96,395
<b>Total Liabilities</b>	<b>3,407,895</b>	<b>2,326,799</b>	<b>8,423,753</b>	<b>29,942</b>	<b>14,188,389</b>	<b>11,886,334</b>
<b>Fund Balances:</b>						
Nonspendable						
Inventories	-	16,297	-	-	16,297	26,614
Restricted						
Tax Certiorari	246,276	-	-	-	246,276	163,105
Unemployment Insurance	98,195	-	-	-	98,195	33,413
Employee Benefit Accrued Liability	1,781,495	-	-	-	1,781,495	1,568,246
Retirement of long-term debt	-	-	-	561,474	561,474	489,017
Workers Comp Reserve	85,001	-	-	-	85,001	-
Retirement Reserve	295,004	-	-	-	295,004	-
Assigned						
Board of Education	2,458	-	-	-	2,458	34
Finance	25,265	-	-	-	25,265	13,500
Staff	5,966	-	-	-	5,966	383
Central Services	154,371	-	-	-	154,371	17,429
Instruction, Administration, and Improvement	-	-	-	-	-	1,098
Teaching	24,491	-	-	-	24,491	23,032
Programs for Children with Handicap	153,296	-	-	-	153,296	72,767
Instructional Media	1,136	-	-	-	1,136	636
Pupil Services	409	-	-	-	409	550
Pupil transportation	49,764	-	-	-	49,764	2,026
Employee Benefits	-	-	-	-	-	11,264
Appropriated Fund Balance	2,117,949	-	-	-	2,117,949	3,574,028
Unassigned	2,543,695	(125,224)	(5,551,318)	-	(3,132,847)	(2,628,836)
<b>Total Fund Balances</b>	<b>7,584,771</b>	<b>(108,927)</b>	<b>(5,551,318)</b>	<b>561,474</b>	<b>2,486,000</b>	<b>3,368,306</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,992,666</b>	<b>\$ 2,217,872</b>	<b>\$ 2,872,435</b>	<b>\$ 591,416</b>	<b>\$ 16,674,389</b>	<b>\$ 15,254,640</b>

See Notes to the Financial Statements.

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## EXHIBIT 4

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
Years Ended June 30, 2012 and 2011

					2012	2011
	General	Special Revenue	Capital Projects	Debt Service	TOTAL	TOTAL
<b>REVENUES</b>						
Real Property Taxes	\$ 15,711,862	\$ -	\$ -	\$ -	\$ 15,711,862	\$ 14,303,471
Other Tax Items/STAR Aid	2,503,012	-	-	-	2,503,012	2,444,475
Charges for Services	48,062	-	-	-	48,062	81,457
Use of Money and Property	256,339	17	-	45,525	301,881	317,211
Sale of Property and Compensation for Loss	1,781	-	-	-	1,781	3,187
Miscellaneous	570,732	33,034	-	26,932	630,698	368,843
State Sources	15,724,304	710,163	287,166	-	16,721,633	16,758,888
Federal Sources	187,543	1,921,430	-	-	2,108,973	2,814,677
Surplus Food	-	56,539	-	-	56,539	58,532
Sales (School Lunch)	-	349,997	-	-	349,997	356,598
<b>Total Revenues</b>	<b>35,003,635</b>	<b>3,071,180</b>	<b>287,166</b>	<b>72,457</b>	<b>38,434,438</b>	<b>37,507,339</b>
<b>EXPENDITURES</b>						
General Support	2,884,605	352,071	-	-	3,236,676	3,545,692
Instruction	19,043,135	1,677,340	-	-	20,720,475	22,153,941
Pupil Transportation	1,558,878	22,449	-	-	1,581,327	1,744,347
Community Service	-	-	-	-	-	17,164
Employee Benefits	9,396,605	656,603	-	-	10,053,208	9,540,808
Debt Service	593,025	-	-	2,848,872	3,441,897	3,240,084
Cost of Sales (School Lunch)	-	394,233	-	-	394,233	415,994
Capital Outlay	-	-	382,968	-	382,968	683,515
<b>Total Expenditures</b>	<b>33,476,248</b>	<b>3,102,696</b>	<b>382,968</b>	<b>2,848,872</b>	<b>39,810,784</b>	<b>41,341,545</b>
<b>OTHER SOURCES AND USES</b>						
Bond Anticipation Notes Redeemed From Appropriations	-	-	494,040	-	494,040	336,571
Interfund Transfers In	-	-	-	2,848,872	2,848,872	2,701,123
Interfund Transfers (Out)	(2,848,872)	-	-	-	(2,848,872)	(2,701,123)
Proceeds of Refunding Bonds	-	-	-	15,821,855	15,821,855	-
Payment to Refunded Bond Escrow Agent	-	-	-	(15,821,855)	(15,821,855)	-
<b>Total Other Sources and (Uses)</b>	<b>(2,848,872)</b>	<b>-</b>	<b>494,040</b>	<b>2,848,872</b>	<b>494,040</b>	<b>336,571</b>
<b>Excess (Deficiency) Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(1,321,485)</b>	<b>(31,516)</b>	<b>398,238</b>	<b>72,457</b>	<b>(882,306)</b>	<b>(3,497,635)</b>
<b>Fund Equity, Beginning of Year</b>	<b>8,906,256</b>	<b>(77,411)</b>	<b>(5,949,556)</b>	<b>489,017</b>	<b>3,368,306</b>	<b>6,865,941</b>
<b>Fund Equity, End of Year</b>	<b>\$ 7,584,771</b>	<b>\$ (108,927)</b>	<b>\$ (5,551,318)</b>	<b>\$ 561,474</b>	<b>\$ 2,486,000</b>	<b>\$ 3,368,306</b>

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## EXHIBIT 5

## STATEMENTS OF FIDUCIARY NET ASSETS

June 30, 2012 and 2011

	Private Purpose Trust	Agency	<u>2012</u> Total	<u>2011</u> Total
<b>ASSETS</b>				
Cash	\$ 21,551	\$ 218,680	\$ 240,231	\$ 231,860
Due from Other Funds	51	354	405	275
Due from Other Governments	-	-	-	1,963
<b>Total Assets</b>	<u>\$ 21,602</u>	<u>\$ 219,034</u>	<u>\$ 240,636</u>	<u>\$ 234,098</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ -	\$ 102,282	\$ 102,282	\$ 98,201
Extraclassroom Activities Balances	-	116,752	116,752	109,347
<b>Total Liabilities</b>	<u>-</u>	<u>219,034</u>	<u>219,034</u>	<u>207,548</u>
<b>NET ASSETS</b>				
Reserved for Scholarships	<u>21,602</u>	<u>-</u>	<u>21,602</u>	<u>26,550</u>
<b>Total Net Assets</b>	<u>21,602</u>	<u>-</u>	<u>21,602</u>	<u>26,550</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 21,602</u>	<u>\$ 219,034</u>	<u>\$ 240,636</u>	<u>\$ 234,098</u>

See Notes to the Financial Statements

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT****EXHIBIT 6****STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
	<u>Private Purpose Trust</u>	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>		
Gifts and Contributions	\$ 18,073	\$ 10,953
Investment Earnings	<u>29</u>	<u>72</u>
<b>Total Additions</b>	<u>18,102</u>	<u>11,025</u>
<b>DEDUCTIONS</b>		
Scholarships and awards	<u>23,050</u>	<u>9,640</u>
<b>Total Deductions</b>	<u>23,050</u>	<u>9,640</u>
<b>Changes in Net Assets</b>	(4,948)	1,385
<b>Net Assets, Beginning of Year</b>	<u>26,550</u>	<u>25,165</u>
<b>Net Assets, End of Year</b>	<u>\$ 21,602</u>	<u>\$ 26,550</u>

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

EXHIBIT 7

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2012

	TOTAL GOVERNMENT FUNDS	LONG-TERM ASSETS, LIABILITIES	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF NET ASSETS TOTALS
<b>ASSETS</b>				
Unrestricted Cash	\$ 6,935,089	\$ -	\$ -	\$ 6,935,089
Restricted Cash	2,472,560	-	-	2,472,560
Accounts Receivable	7,235	-	-	7,235
Due from Other Funds	4,721,690	-	(4,721,690)	-
Due from Fiduciary Funds	102,282	-	-	102,282
State & Federal Aid Receivable	1,865,832	-	-	1,865,832
Due from Other Governments	553,404	-	-	553,404
Inventories	16,297	-	-	16,297
Deferred Interest	-	485,000	-	485,000
Capital Assets, Net	-	35,910,730	-	35,910,730
<b>Total Assets</b>	<b>\$ 16,674,389</b>	<b>\$ 36,395,730</b>	<b>\$ (4,721,690)</b>	<b>\$ 48,348,429</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 246,771	\$ -	\$ -	\$ 246,771
Accounts Payable - Retainage Percentage	-	-	-	-
Bond Anticipation Notes Payable	7,139,398	-	-	7,139,398
Due to Other Funds	4,721,690	-	(4,721,690)	-
Due to Fiduciary Funds	405	-	-	405
Due to Other Governments	132,501	-	-	132,501
Due to Teacher's Retirement System	1,675,872	-	-	1,675,872
Due to Employee's Retirement System	162,675	-	-	162,675
Bonds Payable	-	12,855,000	-	12,855,000
Compensated Absences	109,077	3,620,528	-	3,729,605
Other post employment benefits	-	27,559,286	-	27,559,286
<b>Total Liabilities</b>	<b>14,188,389</b>	<b>44,034,814</b>	<b>(4,721,690)</b>	<b>53,501,513</b>
<b>FUND EQUITY/NET ASSETS</b>				
<b>Total Fund Equity/ Net Assets</b>	<b>2,486,000</b>	<b>(7,639,084)</b>	<b>-</b>	<b>(5,153,084)</b>
<b>Total Liabilities and Fund Equity/ Net Assets</b>	<b>\$ 16,674,389</b>	<b>\$ 36,395,730</b>	<b>\$ (4,721,690)</b>	<b>\$ 48,348,429</b>

See Notes to the Financial Statements

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## EXHIBIT 8

**RECONCILIATION OF GOVERNMENTAL FUNDS - REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2012

	TOTAL GOVERNMENT FUNDS	LONG-TERM REVENUE EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTION	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
<b>REVENUES</b>						
Real Property Taxes	\$ 15,711,862	\$ -	\$ -	\$ -	\$ -	\$ 15,711,862
Other Tax Items/STAR Aid	2,503,012	-	-	-	-	2,503,012
Charges for Services	48,062	-	-	-	-	48,062
Use of Money and Property	301,881	-	-	-	-	301,881
Sale of Property and Compensation for Loss	1,781	-	-	-	-	1,781
Miscellaneous	630,698	-	-	-	-	630,698
State Sources	16,721,633	-	-	-	-	16,721,633
Federal Sources	2,108,973	-	-	-	-	2,108,973
Surplus Food	56,539	-	-	-	-	56,539
Sales (School Lunch)	349,997	-	-	-	-	349,997
<b>Total Revenues</b>	<b>38,434,438</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,434,438</b>
<b>EXPENDITURES</b>						
General Support	3,236,676	-	204,445	-	-	3,441,121
Instruction	20,720,475	-	608,889	-	-	21,329,364
Pupil Transportation	1,581,327	-	300,177	-	-	1,881,504
Community Service	-	-	-	-	-	-
Employee Benefits	10,053,208	7,501,422	-	-	-	17,554,630
Debt Service	3,441,897	-	-	(2,480,000)	(494,040)	467,857
Cost of Sales (School Lunch)	394,233	-	-	-	-	394,233
Capital Outlay	382,968	-	(382,968)	-	-	-
<b>Total Expenditures</b>	<b>39,810,784</b>	<b>7,501,422</b>	<b>730,543</b>	<b>(2,480,000)</b>	<b>(494,040)</b>	<b>45,068,709</b>
<b>OTHER SOURCES AND USES</b>						
Bond Anticipation Notes Redeemed	494,040	-	-	-	(494,040)	-
Operating Transfers In	2,848,872	-	-	-	(2,848,872)	-
Operating Transfers (Out)	(2,848,872)	-	-	-	2,848,872	-
Proceeds of Refunding Bonds	15,821,855	-	-	-	(15,821,855)	-
Payment to Refunded Bond Escrow Agent	(15,821,855)	-	-	-	15,821,855	-
<b>Total Other Sources and Uses</b>	<b>494,040</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(494,040)</b>	<b>-</b>
<b>Net Change for the Year</b>	<b>\$ (882,306)</b>	<b>\$ (7,501,422)</b>	<b>\$ (730,543)</b>	<b>\$ 2,480,000</b>	<b>\$ -</b>	<b>\$ (6,634,271)</b>

See Notes to the Financial Statements

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

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#### Note 1. Summary of Significant Accounting Policies

The general purpose financial statements of Beekmantown Central School District have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles.

- A. Financial Reporting Entity: The Beekmantown Central School District Board of Education is the basic level of government, which has financial accountability and control over all activities related to the District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

The general-purpose financial statements include all funds of the District as well as the component units and other organizational entities determined to be includable in the District's financial reporting entity

- B. Extraclassroom Activity Funds - The Extraclassroom Activity Funds of the Beekmantown Central School District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. The cash and investment balances are reported in the Fiduciary Funds of the District. Separate audited general financial statements (cash basis) of the Extraclassroom Activity Funds can be found attached to the general-purpose financial statements.
- C. Joint Venture - The Beekmantown Central School District is one of 17 component school districts in the Clinton/Essex/Warren/Washington Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation. In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program, and capital cost. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).



## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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#### Note 1. Summary of Significant Accounting Policies (continued)

During the year ended June 30, 2012, the District was billed \$3,667,298 for BOCES administrative and program cost and received \$1,147,553 representing the District's share of BOCES income.

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

#### D. Basis of presentation

##### 1. District-Wide Statements

The Statement of Net Assets and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of good or services offered by the programs, and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

##### 2. Fund Functional Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Nonmajor funds are aggregated and presented in a single column. Beekmantown Central School District elects to report all governmental funds as major funds.

Governmental Fund Types: Governmental funds are those funds used to account for, and report, the operations of the District. The acquisition, use and balances of financial resources and related assets and liabilities are reported

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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#### Note 1. Summary of Significant Accounting Policies (continued)

therein. The measurement focus is the determination of changes in financial position rather than net income determination. The following funds and aggregate governmental fund types are employed in accounting for and reporting District operations:

General Fund - the general fund is the principal operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

Special Aid Fund - used to account for Federal and State special program activities.

School Lunch Fund- used to account for transactions for the District food service programs.

Capital Projects Fund - the capital projects funds are to account for and report financial resources to be used for acquisition, construction or renovation of major capital facilities, or equipment.

Debt Service Fund - the debt service fund is used to account for the financial resources used for acquisition, construction, or major repairs of capital facilities.

Fiduciary Fund Types: Fiduciary fund types consist of Expendable and Nonexpendable Trust and Agency Funds and are used to account for and report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

#### E. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On a modified accrual basis, revenue from property taxes is recognized by estimating how much will be collected during the ensuing fiscal year. Revenue from grants and donations is

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**Note 1. Summary of Significant Accounting Policies (continued)**

recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the subsequent fiscal year.

Expenditures are recorded when the related fund liability is incurred except for:

- a. Prepays and inventory-type items are recognized at the time of purchase.
  - b. Principal and interest on indebtedness are not recognized as an expenditure until due.
  - c. Compensated absences, such as sick leave, which vests or accumulates, are charged as an expenditure when paid.
  - d. Pension costs are recognized as an expenditure when billed by the state.
  - e. The District recognizes the cost of providing post retirement health insurance coverage and survivor benefits by recording its share of insurance premiums as an expenditure in the year paid.
- F. Cash and Cash Equivalents: For financial statement purposes, all highly liquid investments having maturities of three months or less are considered as cash equivalents.
- G. Inventories: Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis or in the case of surplus food, at stated value, which approximates market. Purchases of items (which could be inventoried) in other funds are recorded as expenditures at the time of purchase.
- H. Capital Assets: Acquisitions of equipment and capital facilities are treated as expenditures in the various funds of the District, and are capitalized when cost of acquisition exceeds \$1,500. The assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are reported at estimated fair market value at the time received.
- I. Deferred Revenue: Deferred revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability of deferred revenues is removed and revenues are recognized.

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

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### Note 1. Summary of Significant Accounting Policies (continued)

- J. Deferred Compensation: Employees of the District may elect to participate in an Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.
- K. Post-Employment Benefits: In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. The cost of providing post-retirement benefits is paid by the District or is shared between the District and the retired employee, depending on length of service and/or classification of employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums for retirees and their dependents as an expenditure or operating transfer to other funds in the General Fund in the year paid.
- L. Property Taxes: Real property taxes are levied annually by the Board of Education no later than September 1st. Uncollected real property taxes are subsequently enforced by the County of Clinton. An amount representing uncollected real property taxes is transmitted to the county for enforcement and is paid by the county to the District no later than the forthcoming April 1st.
- M. Equity Classifications:

District- wide statements:

In the district-wide statements there are three classes of net assets:

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

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

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

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**Note 1. Summary of Significant Accounting Policies (continued)**

**Fund statements:**

In the fund basis statements there are five classifications of fund balance:

**Non-spendable** fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$16,297.

**Restricted** – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

**Employee Benefits Accrued Liability**

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

**Unemployment Insurance**

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

**Tax Certiorari**

According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

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#### Note 1. Summary of Significant Accounting Policies (continued)

##### Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. The reserve may be established by board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess gets applied to appropriations of the next succeeding fiscal year's budget.

##### Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

##### Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

**Committed** – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2012.

**Assigned** – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$417,156.

**Unassigned** – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

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#### Note 1. Summary of Significant Accounting Policies (continued)

##### Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

#### N. Budgetary Procedures and Budgetary Accounting

1. Budget Policies - The District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:  
General Fund

The voters within the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the board approves them because of a need that exists which was not determined at the time the budget was adopted.

2. Budget Basis of Accounting - Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. The budget and actual comparison for the General Fund, included in the Combined Statement of Revenues and Expenditures - Budget and Actual, reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

#### P. Events Occurring After Reporting Date

The District has evaluated events and transactions that occurred between June 30, 2012 and October 22, 2012, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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### Note 1. Summary of Significant Accounting Policies (continued)

#### Q. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

#### R. Reclassifications

Certain amounts in the 2011 financial statements may have been reclassified to conform to the 2012 presentation.

### Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources of the governmental funds.

#### A. Total fund balances of governmental funds vs. net assets of governmental activities:

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

The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Assets includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original cost of capital assets	\$ 51,322,377
Accumulated depreciation	<u>15,411,647</u>
Capital assets, net	<u>\$ 35,910,730</u>



# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

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### **Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)**

Because the governmental funds focus on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenue in the governmental funds, and thus are not included in the fund balance. They are, however, included in the net assets of the governmental activities. As of June 30, 2012 the District did not have any assets unavailable to pay for current-period expenditures.

Long-term liabilities are reported in the Statements of Net Assets, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Bonds payable and other long-term debt	\$ 12,855,000
Compensated absences	3,620,528
Other post employment benefits	27,559,286
	<u>\$ 44,034,814</u>

#### **B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities.**

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

##### **1. Long-Term Revenue Differences**

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

# **BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012**

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### **Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)**

#### **2. Capital Related Differences**

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

#### **3. Long-Term Debt Transaction Differences**

Long-term debt transaction differences occur as a result of proceeds from serial bonds reflected as revenue in governmental funds whereas they are a liability on the statement of net assets. Also both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets. Following are reconciliations of revenues and expenditures Governmental Funds to Statement of Activities.

#### **4. Other Post-Employment Benefits**

Other post-employment benefits occur because retiree health insurance premiums are paid and recorded as expenditures in the governmental fund statements as incurred. GASB 45 requires an actuarial calculation of the future liability and to record the Net OPEB Obligation in the Statement of Net Assets.

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

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### Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

#### Revenues:

Total Revenue reported in Governmental Funds (Exhibit 4)	\$ 38,434,438
Differences did not exist in revenue reporting for the current year	<hr/> -
Total Revenues Statement of Activities (Exhibit 8)	<hr/> <u>\$ 38,434,438</u>

#### Expenditures:

Total expenditures reported in governmental funds (Exhibit 4)	\$ 39,810,784
In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences used exceeded the amount earned during the year. (Exhibit 8)	(145,560)
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense was more than capital expenditures in the current year. (Exhibit 8)	730,543
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Assets, and does not effect the Statement of Activities, (Exhibit 8)	(2,480,000)

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

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### Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

The payment of Other Post-Employment Benefits (OPEB) is recorded in the governmental funds as expenditures when incurred. However, in the Statement of Activities, the current cost plus the actuarial cost of future benefits are combined and recognized as an expense. This is the amount by which the Annual OPEB Cost exceeded the premiums paid.	7,646,982
Repayment of bond anticipation notes is an expenditure in the General Fund and other sources of income in the Capital Project's Fund. A reclassifying entry to offset these amounts reduces both expenditures and other sources of income in the Statement of Activities. (Exhibit 8)	<u>(494,040)</u>
Total expenses of governmental activities in the Statement of Activities (Exhibit 2)	<u>\$ 45,068,709</u>
<u>Other Sources and Uses:</u>	
Total other sources and uses in government funds (Exhibit 4)	\$ 494,040
Repayment of bond anticipation notes is an expenditure in the General Fund and other sources of income in the Capital Project's fund. A reclassifying entry to offset these amounts reduces both expenditures and other sources of income in the Statement of Activities. (Exhibit 8)	<u>(494,040)</u>
Total other sources and uses in Statement of Activities (Exhibit 8)	<u>\$ -</u>

### Note 3. Cash and Investments

The District's investment policies are governed by State statutes and the District's own written policy. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and Districts.

At June 30, 2012, the District's bank balances totaled \$10,918,477 of which, \$437,421 was covered by Federal depository insurance \$10,481,056 was covered by collateral held by the pledging banks in the District's name.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**Note 4. Interfund Balances and Activity**

Interfund balances and activity at June 30, 2012 and for the fiscal year then ended, were as follows:

<b>Fund Type</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>	<b>Interfund Revenues</b>	<b>Interfund Expenditures</b>
General	\$ 2,530,142	\$ 1,226,946	\$ -	\$ 2,848,872
Capital	359,924	1,284,355	-	-
Special Revenue:				
School Lunch	304,463	490,279	-	-
Special Aid	1,038,027	1,690,573	-	-
Debt Service	591,416	29,942	2,848,872	-
Trust and Agency	405	102,282	-	-
Total	<u>\$ 4,824,377</u>	<u>\$ 4,824,377</u>	<u>\$ 2,848,872</u>	<u>\$ 2,848,872</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Assets.

The District typically transfers money from the General Fund to the Debt Service Fund, where it makes principal and interest payments on the District's bonds.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012****Note 5. Capital Assets**

The following is a summary of changes in capital assets:

	June 30, 2011 Balance	Additions	Retirements/ Reclassifications	June 30, 2012 Balance
<b>Governmental Activities</b>				
Capital Assets that are not Depreciated:				
Land	\$ 73,608	\$ -	\$ -	\$ 73,608
Construction in Progress	4,876,276	382,969	(287,166)	4,972,079
Total Nondepreciable Historical Cost	<u>\$ 4,949,884</u>	<u>\$ 382,969</u>	<u>\$ (287,166)</u>	<u>\$ 5,045,687</u>
 Capital Assets that are Depreciated:				
Buildings	\$ 40,726,641	\$ 287,166	\$ -	\$ 41,013,807
Machinery and Equipment	5,258,434	4,449	-	5,262,883
Total Depreciable Historical Cost	<u>45,985,075</u>	<u>291,615</u>	<u>-</u>	<u>46,276,690</u>
 Less Accumulated Depreciation:				
Buildings	11,425,230	732,085	-	12,157,315
Machinery and Equipment	2,868,456	385,876	-	3,254,332
Total Accumulated Depreciation	<u>14,293,686</u>	<u>1,117,961</u>	<u>-</u>	<u>15,411,647</u>
 Total Depreciable Historical Cost, Net	<u>\$ 31,691,389</u>	<u>\$ (826,346)</u>	<u>\$ -</u>	<u>\$ 30,865,043</u>
 Total Capital Assets, Net	<u>\$ 36,641,273</u>	<u>\$ (443,377)</u>	<u>\$ (287,166)</u>	<u>\$ 35,910,730</u>

**Note 6. Compensated Absences**

Compensated absences consist of unpaid accumulated annual sick leave and vacation time.

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

District employees are granted vacation in varying amounts, based primarily on length of service and service position.

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**Note 7. Indebtedness**Short-term Debt:

Bond Anticipation Notes – Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. Although the District's bus purchase BANs mature in one year, each year the School District pays only one-fifth of the original amount of the BAN and renews the balance due so that the entire amount is paid off in five years. The School District has four BANs as described above. The interest rates on these BANs range from 1.49% to 1.89%. These BANs had an outstanding balance of \$757,943 at June 30, 2012. The remaining BAN is for a construction project.

**BANs Outstanding:**

Payee	Interest Rate	Date Issued	Maturity Date	Purpose	Balance 06/30/12
Glens Falls National Bank and Trust Company	1.74%	08/05/11	08/04/12	Bus Purchases	\$ 225,479
Glens Falls National Bank and Trust Company	1.74%	08/11/11	08/10/12	Bus Purchases	322,035
Glens Falls National Bank and Trust Company	1.89%	02/11/11	02/10/12	Bus Purchases	68,868
Glens Falls National Bank and Trust Company	1.49%	08/27/11	08/26/12	Bus Purchases	141,561
Jefferies & Co	1.25%	07/07/11	07/07/12	Construction	<u>6,381,455</u>
					<u><u>\$ 7,139,398</u></u>

Interest expense on the District's BAN obligations amounted to \$98,985 for 2011-2012.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2012****Note 7. Indebtedness (continued)**

Long-term Debt: On June 15, 2004, the District issued long-term serial bonds in the amount of \$27,875,000 to finance its district-wide renovation project. In May 2012, the District advance refunded the remaining \$14,850,000 of serial bonds, resulting in a new balance of \$15,335,000. The increase of \$485,000 will be amortized over eight years as an adjustment to interest expense. Interest expense on the District's bond obligations amounted to \$368,872 for 2011-2012.

The following is a summary of changes in long-term debt:

	Balance 06/30/11	Additions	Deletions	Balance 06/30/12
Serial Bonds	\$ 14,850,000	\$ 485,000	\$ 2,480,000	\$ 12,855,000
Compensated Absences	3,766,088	-	145,560	3,620,528
Other Post Employment Benefits	19,912,304	7,646,982	-	27,559,286
Total	<u>\$ 38,528,392</u>	<u>\$ 8,131,982</u>	<u>\$ 2,625,560</u>	<u>\$ 44,034,814</u>

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

Serial Bonds are comprised of the following:

Description of Issue	Issue Date	Maturity Date	Interest Rate	Outstanding at 6/30/12
Serial Bond	05/10/12	06/30/20	2.0-5.0%	\$ 12,855,000
Total				<u>\$ 12,855,000</u>

The following is a summary of debt service requirements for General Obligation Bonds, Notes and other long-term debt:

Fiscal Year Ending June 30:	Principal	Interest	Total
2013	\$ 2,400,000	\$ 377,000	\$ 2,777,000
2014	2,435,000	329,000	2,764,000
2015	2,495,000	255,950	2,750,950
2016	2,575,000	156,150	2,731,150
2017	1,340,000	104,650	1,444,650
2018-2022	1,610,000	81,050	1,691,050
	<u>\$ 12,855,000</u>	<u>\$ 1,303,800</u>	<u>\$ 14,158,800</u>



## **BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012**

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#### **Note 7. Indebtedness (continued)**

On May 10, 2012, \$15,335,000 in general obligation bonds with interest rates varying between 2.0% and 5.0% were issued to advance refund \$14,850,000 of outstanding bonds with interest rates varying between 4.0% and 5.0%. The net proceeds of \$15,821,855 (after payment of \$165,412 in underwriting fees, insurance, 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 for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. This refunding decreases total debt service payments over the next 8 years by approximately \$457,000.

#### **Note 8. Post-Employment Benefits**

The District provides post employment (health insurance, etc) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. Post employment benefits aggregating \$2,305,403 for 279 employees were charged to expenses/ expenditures in the Governmental Funds in the current year.

The District implemented GASB Statement #45, Accounting and Financial Reporting by employers for Post-employment Benefits Other than Pensions, in the school year ended June 30, 2009. This required the District to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District has obtained an interim actuarial valuation report for the year ended June 30, 2012, which indicates that the total liability for other post employment benefits is \$27,559,286, which is reflected in the Statement of Net Assets.

**Annual OPEB Cost and Net OPEB Obligation:** The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT****NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012****Note 8. Post-Employment Benefits (continued)**

	<u>06/30/12</u>	<u>06/30/11</u>	<u>06/30/10</u>
Annual required contribution	\$ 10,405,774	\$ 9,767,386	\$ 8,401,223
Interest on net OPEB obligation	796,492	505,961	247,848
Adjustment to annual required contribution	(1,172,500)	(729,910)	(350,800)
Annual OPEB cost (expense)	10,029,766	9,543,438	8,298,271
Contributions made	(2,382,784)	(2,280,171)	(1,845,442)
Increase in net OPEB obligation	7,646,982	7,263,267	6,452,829
Net OPEB obligation - beginning of year	19,912,304	12,649,037	6,196,208
Net OPEB obligation - end of year	<u>\$ 27,559,286</u>	<u>\$ 19,912,304</u>	<u>\$ 12,649,037</u>
Annual OPEB Cost	\$ 10,029,766	\$ 9,543,438	\$ 8,298,271
Percentage of Annual OPEB Cost Contributed	23.8%	23.9%	22.2%
Net OPEB Obligation at end of year	\$ 27,559,286	\$ 19,912,304	\$ 12,649,037

Funding Status and Funding Progress: As of June 30, 2012, the actuarial accrued liability for benefits was \$93,549,473, all of which was unfunded. The covered payroll for all active employees was \$17,267,025, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 541.8%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financials statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Retirement age was based on the experience under the NYS & Local Retirement System.

## **BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012**

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#### **Note 8. Post-Employment Benefits (continued)**

Marital status – It is assumed that 70% of retirees will be married at the time of their retirement.

Mortality – Life expectancies were based on The RP-2000 Mortality Table for males and females.

Turnover – Turnover was based on the experience under the NYS & Local Retirement System.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was initially set at 11.0% and reduced to 5.0% after 12 years.

Discount rate – A 4% discount was used.

The unfunded actuarial accrued liability is being amortized over a level period of 30 years. The remaining amortization period at June 30, 2012 was 26 years.

#### **Note 9. Pension Plans**

Pension Plans: Beekmantown Central School District participates in the New York State and local Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

##### Provisions and administration:

The New York State Teachers Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information. The Report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

The New York State and Local Employees' Retirement System (NYSERS) provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute and benefits to employees. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. The Report may be obtained by writing to The New York State and Local Employees' Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244.

##### Funding Policies

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than

# BEEKMANTOWN CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

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### Note 9. Pension Plans (continued)

10 years are no longer required to contribute. For employees who joined after January 1, 2010, employees in NYSEERS contribute 3% of their salary throughout their active membership and those in NYSTRS contribute 3.5% throughout their active membership. For the New York State and Local Employees' Retirement System, the Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, rates are established annually for NYSTRS by the New York State Teachers' Retirement Board.

The District is required to contribute at an actuarially determined rate, currently, 11.11% for TRS based on the annual covered payroll for the fiscal year ended June 30, 2012. Rates applicable to the fiscal years ended June 30, 2011 and 2010 were respectively, 8.62% and 6.19%. The District's contributions made to the Systems were equal to 100% of the contributions required for each year.

The required contributions for the current year and two preceding years were:

Year	ERS	TRS
2012	\$ 644,889	\$ 1,398,048
2011	\$ 378,075	\$ 1,030,672
2010	\$ 227,063	\$ 1,162,608

### Note 10. Commitments and Contingencies

Risk Financing and Related Insurance - The Beekmantown Central School District is exposed to the risk of various types of loss which includes torts; theft of, damage to, and destruction of assets; and injuries to employees and students. These risks, and settled claims, are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

The District incurs costs related to an employee health insurance plan (Plan) sponsored by Clinton-Essex-Warren-Washington BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risk reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

## BEEKMANTOWN CENTRAL SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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#### Note 10. Commitments and Contingencies (continued)

The District is a defendant in certain lawsuits arising out of the ordinary course of business. While the outcome of lawsuits and other proceedings against the District cannot be predicted with certainty, the District does not expect that these matters will have a material adverse effect on its financial position.

The District has received Federal and State Aid/Grants which are subject to audit by agencies of the Federal and State governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. The District believes disallowances, not previously provided for, if any, will be immaterial.

Operating Leases - The District leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2012 were approximately \$6,570.

Estimated future rents to be paid under this lease are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2013	\$ 6,570
2014	6,570
2015	5,475
Total	<u>\$ 18,615</u>

Litigation - The District is aware of various petitions for tax certiorari proceedings which if successful would expose the district to significant tax refunds to the landowners. A reserve for tax certiorari is established and funded for \$246,276. The District is aware of petitions totaling \$242,989.

#### Note 11. Stewardship, Compliance and Accountability

The District's unassigned general fund balance was in excess of the New York State Real Property Tax Law Section 1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The unassigned fund balance at June 30, 2012 was \$2,543,695, which represents 6.89% of next year's budget. The excess amounted to \$1,065,981.

The Capital Projects Fund had a deficit fund balance of \$5,551,318. This will be funded as the General Fund transfers monies to the Capital Projects Fund to make the principal payments on the outstanding BANs and with the issuance of Bonds.

The Special Revenue Fund had a deficit fund balance of \$108,927 in the school lunch fund at June 30, 2012. The Board of Education appropriated a transfer from the General Fund for the 2013 year end in the amount of \$104,025.

#### Note 12. Prior Period Information

Comparative prior period information has been presented in summary form. This information was derived from the District's June 30, 2011 financial statements, and in our report dated December 7, 2011, we expressed an unqualified opinion.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**Combining Balance Sheet - Special Revenue Funds**

**June 30, 2012 and 2011**

	Special Aid	School Lunch	2012 Total	2011 Total
<b>ASSETS</b>				
Unrestricted Cash	\$ 114,279	\$ 43,943	\$ 158,222	\$ 493,507
Account Receivable	-	6,518	6,518	1,319
State and Federal Aid Receivable	684,030	10,315	694,345	1,021,723
Due from Other Funds	1,038,027	304,463	1,342,490	30,357
Inventories	-	16,297	16,297	26,614
<b>Total Assets</b>	<b>\$ 1,836,336</b>	<b>\$ 381,536</b>	<b>\$ 2,217,872</b>	<b>\$ 1,573,520</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts Payable and Accrued Expenses	\$ 145,763	\$ -	\$ 145,763	\$ 367,257
Due to Other Funds	1,690,573	490,279	2,180,852	1,283,381
Due to Other Governments	-	184	184	293
<b>Total Liabilities</b>	<b>1,836,336</b>	<b>490,463</b>	<b>2,326,799</b>	<b>1,650,931</b>
<b>Fund Balance:</b>				
Nonspendable				
Inventories	-	16,297	16,297	26,614
Unassigned	-	(125,224)	(125,224)	(104,025)
<b>Total Fund Balance</b>	<b>-</b>	<b>(108,927)</b>	<b>(108,927)</b>	<b>(77,411)</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,836,336</b>	<b>\$ 381,536</b>	<b>\$ 2,217,872</b>	<b>\$ 1,573,520</b>

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**SPECIAL REVENUE FUNDS - COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Years Ended June 30, 2012 and 2011**

	Special Aid	School Lunch	2012 Total	2011 Total
<b>REVENUES</b>				
Use of Money and Property	\$ -	\$ 17	\$ 17	\$ 314
Miscellaneous	-	33,034	33,034	35,184
State Sources	684,155	26,008	710,163	429,814
Federal Sources	1,405,147	516,283	1,921,430	2,193,613
Surplus Foods	-	56,539	56,539	58,532
Sales	-	349,997	349,997	356,598
Total Revenues	<u>2,089,302</u>	<u>981,878</u>	<u>3,071,180</u>	<u>3,074,055</u>
<b>EXPENDITURES</b>				
General Support	-	352,071	352,071	354,784
Transportation	22,449	-	22,449	-
Instruction	1,677,340	-	1,677,340	1,778,507
Employee Benefits	389,513	267,090	656,603	576,502
Cost of Sales	-	394,233	394,233	415,994
Total Expenditures	<u>2,089,302</u>	<u>1,013,394</u>	<u>3,102,696</u>	<u>3,125,787</u>
<b>Excess (Deficit) of Revenues over Expenditures</b>	-	(31,516)	(31,516)	(51,732)
<b>Fund Balance, Beginning</b>	-	(77,411)	(77,411)	(25,679)
<b>Fund Balance, Ending</b>	<u>\$ -</u>	<u>\$ (108,927)</u>	<u>\$ (108,927)</u>	<u>\$ (77,411)</u>

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**GENERAL FUND - SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET**  
**Year Ended June 30, 2012**

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Original budget		\$ 38,155,982
Additions:		
Encumbrances - fiscal year 2011	142,719	
Budget revisions - gifts and donations, booster club donations	<u>22,950</u>	
<b>Total additions</b>		<u>165,669</u>
Revised budget		<u><u>\$ 38,321,651</u></u>

**GENERAL FUND - SCHEDULE OF USE OF FUND BALANCE**  
**As Of The Beginning Of Year Ended June 30, 2012**

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Unreserved fund balance, beginning of year	\$ 6,998,773
Less:	
Assigned fund balance designated for subsequent year's expenditures	<u>3,574,028</u>
<b>Total unassigned fund balance,         beginning of year</b>	<u><u>\$ 3,424,745</u></u>



**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**

**Year Ended June 30, 2012**

	Original Budget	Revised Budget	Current Year's Revenues	Over/ (Under) Revised Budget
<b>Revenues:</b>				
Real Property Taxes	\$ 17,769,431	\$ 15,710,671	\$ 15,711,862	\$ 1,191
Other Tax Items/STAR Aid	506,251	2,565,011	2,503,012	(61,999)
Charges for Services	44,500	44,500	48,062	3,562
Use of Money and Property	186,000	186,000	256,339	70,339
Sale of Property and Compensation for Loss	500	500	1,781	1,281
Miscellaneous	194,539	217,489	570,732	353,243
State Sources	15,655,733	15,655,733	15,724,304	68,571
Federal Sources	225,000	225,000	187,543	(37,457)
<b>Total Revenues</b>	<b>34,581,954</b>	<b>34,604,904</b>	<b>35,003,635</b>	<b>398,731</b>
<b>Appropriated Fund Balance:</b>				
Appropriated Reserves	-	142,719	-	-
Appropriated Fund Balance	3,574,028	3,574,028	-	-
<b>Total Unreserved Fund Balance</b>	<b>3,574,028</b>	<b>3,716,747</b>	<b>-</b>	<b>-</b>
<b>Total Revenues, Other Sources and Unreserved Fund Balance</b>	<b>\$ 38,155,982</b>	<b>\$ 38,321,651</b>	<b>\$ 35,003,635</b>	<b>\$ 398,731</b>

	Original Budget	Revised Budget	Current Year's Expenditures	Unencumbered Encumbrances	Unencumbered Balances
<b>Expenditures:</b>					
General Support:					
Board of Education	\$ 9,870	\$ 14,172	\$ 8,018	\$ 2,458	\$ 3,696
Central Administration	223,414	223,414	222,373	-	1,041
Finance	280,688	312,472	276,091	25,265	11,116
Staff	70,334	91,425	83,080	5,966	2,379
Central Services	2,376,945	2,322,400	1,842,389	154,371	325,640
Special Items	467,758	452,654	452,654	-	-
Instructional:					
Instruction, Administration, and Improvement	898,646	948,039	940,007	-	8,032
Teaching - Regular School	9,717,521	9,782,728	9,673,481	24,491	84,756
Programs for Children with Handicapping Conditions	6,431,804	6,121,398	5,068,602	153,296	899,500
Teaching - Special Schools	1,026,610	1,025,674	982,199	-	43,475
Instructional Media	939,711	944,014	906,730	1,136	36,148
Pupil Service	1,449,830	1,480,978	1,472,116	409	8,453
Pupil Transportation	1,649,510	1,723,645	1,558,878	49,764	115,003
Community Service	2,000	2,000	-	-	2,000
Employee Benefits	9,612,228	9,434,741	9,396,605	-	38,136
Debt Service	344,319	593,025	593,025	-	-
<b>Total Expenditures</b>	<b>35,501,188</b>	<b>35,472,779</b>	<b>33,476,248</b>	<b>417,156</b>	<b>1,579,375</b>
<b>Other Uses:</b>					
Interfund Transfer	2,654,794	2,848,872	2,848,872	-	-
<b>Total Expenditures and Other Uses</b>	<b>\$ 38,155,982</b>	<b>\$ 38,321,651</b>	<b>36,325,120</b>	<b>\$ 417,156</b>	<b>\$ 1,579,375</b>
 <b>Excess of Expenditures and Other Uses       over Revenues</b>			 <b>\$ (1,321,485)</b>		

See Independent Auditor's Report.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND**  
**Year Ended June 30, 2012**

Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	(Overexpended) Unexpended Balance	Methods of Financing				Fund Balance June 30, 2012
							Proceeds of Obligations	State Aid	Local Sources	Total	
<b>Excel Project</b>	\$ 6,655,455	\$ 6,655,455	\$ 4,778,344	\$ 193,734	\$ 4,972,078	\$ 1,683,377	\$ -	\$ -	\$ 178,429	\$ 178,429	\$ (4,793,649)
<b>Fuel Return &amp; Supply Line Project</b>	130,000	130,000	97,932	16,085	114,017	15,983	-	114,017	-	114,017	-
<b>Domestic Hot Water Project</b>	173,149	173,149	-	173,149	173,149	-	-	173,149	-	173,149	-
	<u>6,958,604</u>	<u>6,958,604</u>	<u>4,876,276</u>	<u>382,968</u>	<u>5,259,244</u>	<u>1,699,360</u>	<u>-</u>	<u>287,166</u>	<u>178,429</u>	<u>465,595</u>	<u>(4,793,649)</u>
<b>Buses</b>											
Buses 226-229	308,613	308,613	308,613	-	308,613	-	-	-	308,613	308,613	-
Buses 231-234	344,342	344,342	344,342	-	344,342	-	-	-	275,474	275,474	(68,868)
Buses 235-239	353,903	353,903	353,903	-	353,903	-	-	-	212,342	212,342	(141,561)
Buses 240-243	375,798	375,798	375,798	-	375,798	-	-	-	150,319	150,319	(225,479)
Buses 244-247	402,544	402,270	402,270	-	402,270	-	-	-	80,509	80,509	(321,761)
	<u>1,785,200</u>	<u>1,784,926</u>	<u>1,784,926</u>	<u>-</u>	<u>1,784,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,027,257</u>	<u>1,027,257</u>	<u>(757,669)</u>
<b>Totals</b>	<u>\$ 8,743,804</u>	<u>\$ 8,743,530</u>	<u>\$ 6,661,202</u>	<u>\$ 382,968</u>	<u>\$ 7,044,170</u>	<u>\$ 1,699,360</u>	<u>\$ -</u>	<u>\$ 287,166</u>	<u>\$ 1,205,686</u>	<u>\$ 1,492,852</u>	<u>\$ (5,551,318)</u>

See Independent Auditor's Report.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT****SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES COMPARED TO ST-3 DATA**  
**Year Ended June 30, 2012**

	Account Code	ST-3 Data	Audited Amount	
Revenues				
Property Taxes	A - 1001	\$ 15,711,862	\$ 15,711,862	
Non-Property Taxes	AT - 1199	\$ -	\$ -	
State Aid	AT - 3999	\$ 15,724,304	\$ 15,724,304	
Federal Aid	AT - 4999	\$ 187,543	\$ 187,543	
Total Revenues	AT - 5999	\$ 35,003,635	\$ 35,003,635	
Expenditures				
General Support	AT - 1999.0	\$ 2,884,605	\$ 2,884,605	
Pupil Transportation	AT - 5599.0	\$ 1,558,879	\$ 1,558,878	(1)
Debt Service - Principal	AT - 9798.6	\$ 494,040	\$ 494,040	
Debt Service - Interest	AT - 9798.7	\$ 98,986	\$ 98,985	(1)
Total Expenditures	AT - 9999.0	\$ 36,325,122	\$ 36,325,120	(1)

(1) Rounding

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT**  
**Year Ended June 30, 2012**

Capital Assets, Net	\$	35,910,730
Deduct:		
Bond anticipation notes		7,139,398
Short-term portion of bonds payable		2,400,000
Long-term portion of bonds payable		10,455,000
Less: unspent bond proceeds		(1,588,080)
Investment in capital assets, net of related debt	\$	<u>17,504,412</u>

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN**  
**Year Ended June 30, 2012**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UALL as a Percentage of Covered Payroll</b>
06/30/12	\$ -	\$ 93,549,473	\$ 93,549,473	0%	\$ 17,267,025	541.8%
06/30/11	\$ -	\$ 87,819,793	\$ 87,819,793	0%	\$ 18,779,542	467.6%
06/30/10	\$ -	\$ 77,313,675	\$ 77,313,675	0%	\$ 17,920,794	431.4%
06/30/09	\$ -	\$ 72,408,518	\$ 72,408,518	0%	\$ 17,430,289	415.4%

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended June 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education			
Pass-Through New York State Department of Education:			
Title I A&D Imprv Acad Achmt F/Disad	84.010A	0021-11-0480	\$ 4,977
Title I A&D Imprv Acad Achmt F/Disad	84.010A	0021-12-0480	366,800
ARRA Title I A&D Imprv Acad Achmt F/Disad	84.389A	5021-11-0480	8,358
ARRA Title I A&D Imprv Acad Achmt F/Disad	84.389A	5021-12-0480	9,626
IDEA - Part B, Section 611	84.027A	0032-11-0133	23,221
IDEA - Part B, Section 611	84.027A	0032-12-0133	501,909
ARRA IDEA - Part B, Section 611	84.391A	5032-11-0133	106,340
IDEA - Part B, Section 619	84.173A	0033-12-0133	25,239
ARRA IDEA - Part B, Section 619	84.392A	5033-11-0133	1,763
ARRA - Race to the Top	84.395A	5500-12-0480	24,393
Title II, Part A	84.367A	0147-11-0480	1,791
Title II, Part A	84.367A	0147-12-0480	121,005
ARRA - Education Jobs Funds	84.410	5400-12-0480	209,725
<b>Total Department of Education</b>			<u>1,405,147</u>
U.S. Department of Agriculture Direct Programs:			
Pass-through New York State Department of Education			
National School Lunch Program- cash	10.555		374,844
National School Lunch Program- commodities	10.555		56,539
School Breakfast Program	10.553		141,439
<b>Total Child Nutrition Cluster</b>			<u>572,822</u>
<b>Total Department of Agriculture</b>			<u>572,822</u>
<b>Total Federal Assistance Expended</b>			<u>\$ 1,977,969</u>

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2012**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Beekmantown Central School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



CBTT

*Conroy, Boulrice, Telling & Trombley, PC*

*Certified Public Accountants*

JACK L. CONROY, CPA

MICHAEL L. BOULRICE, CPA

THOMAS R. TELLING, CPA

LEO P. TROMBLEY, CPA

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

To the Board of Education  
Beekmantown Central School District  
West Chazy, New York 12992

We have audited the financial statements of the governmental activities of Beekmantown Central School District as of and for the year ended June 30, 2012, which collectively comprise Beekmantown Central School District's basic financial statements and have issued our report thereon dated October 22, 2012. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Beekmantown Central School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Beekmantown Central School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Beekmantown Central School District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, as item 12-1. 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beekmantown Central School District's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under Government *Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 12-1.

We noted certain matters that we reported to management of Beekmantown Central School District, in a separate letter dated October 22, 2012.

Beekmantown Central School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Beekmantown Central School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Conroy, Boulrice, Telling & Trombley, PC*

Conroy, Boulrice, Telling & Trombley, PC  
October 22, 2012

CBTT

*Conroy, Boulrice, Telling & Trombley, PC*

*Certified Public Accountants*

JACK L. CONROY, CPA

MICHAEL L. BOULRICE, CPA

THOMAS R. TELLING, CPA

LEO P. TROMBLEY, CPA

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education  
Beekmantown Central School District  
West Chazy, New York 12992

Compliance

We have audited Beekmantown Central School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Beekmantown Central 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Beekmantown Central School District's management. Our responsibility is to express an opinion on Beekmantown Central School District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Beekmantown Central School District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Beekmantown Central School District's compliance with those requirements.

In our opinion, Beekmantown Central School District complied, in all material respects with the 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, 2012.

To the Board of Education  
Beekmantown Central School District

### Internal Control Over Compliance

The management of Beekmantown Central School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Beekmantown Central School District's internal control over compliance with requirements that could have a direct and material effect on a major program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Beekmantown Central 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, Beekmantown Central Board of Education and federal awarding agencies and pass-through agencies and is not intended to be used by anyone other than these specified parties.

*Conroy, Boulrice, Telling & Trombley, PC*

Conroy, Boulrice, Telling & Trombley, PC  
October 22, 2012

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012**

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**SECTION I - SUMMARY OF AUDIT RESULTS**

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Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

· Material weakness(es) identified? \_\_\_\_\_ yes        X   no

· Significant deficiencies identified that are not considered to be material weaknesses?   X   yes      \_\_\_\_\_ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

Federal Awards

Internal control over major programs:

· Material weakness(es) identified? \_\_\_\_\_ yes        X   no

· Significant deficiencies identified not considered to be a material weakness? \_\_\_\_\_ yes        X   none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes        X   no

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027A	IDEA - Part B, Section 611
84.173A	IDEA - Part B, Section 619
84.391A	ARRA IDEA - Part B, Section 611
84.392A	ARRA IDEA - Part B, Section 619
84.410	ARRA-Education Jobs Fund
84.010A	Title I A&D
84.389A	ARRA Title I A&D

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk Auditee?   X   yes      \_\_\_\_\_ no

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
JUNE 30, 2012**

**12-1 Excess Fund Balance**

**Condition:** The District's unassigned general fund balance was 6.89% of next year's budget.

**Effect:** The District's unassigned general fund balance was 2.89%, or \$1,065,981, over the amount allowable by law.

**Criteria:** According to New York State Real Property Tax Law Section 1318, a district's unappropriated fund balance may not exceed an amount equal to 4% of next year's budget.

**Recommendation:** We recommend the District keep in mind this rule when preparing the next year's budget.

**Corrective Action:** The Board appropriated \$2,117,949 of fund balance to the 12/13 budget year and decreased the total amount of needed tax levy to balance the budget. The Board has demonstrated an effort to decrease tax rates for 4 years consecutive since September 2007. Further the Board desires to apply a comprehensive approach over multiple years in an effort to reduce Fund Balance levels to statutory limits. The goal of adjusting Fund balance in a methodical and disciplined approach is to avoid unnecessary "spikes" in tax rates.

The Board, while being criticized for maintaining "excessive fund balance", is faced with an 'economic storm' of sorts resulting with challenges for both proposed NYS decreased State Aid Revenues and mandatory contractual obligations resulting with increased expenditures expected for items such as collectively bargained wage increases, State Retirement employer contribution increased rates, increased health insurance premiums, increased energy costs to heat facilities, increased fuel costs for transportation, and cost shifting of certain mandated services from a previously 'state funded' source to local funding at the school level. All of these challenges combine to suggest that the balance carried in Fund Balance may not have been excessive at all in reality – as it will take this combined fund balance reserve and significant school budget cuts to minimize the impact on the tax rate.

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**SECTION III - MAJOR FEDERAL AWARDS**

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No current year findings.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2012**

**11-2 Special Education Cluster (IDEA CFDA 84.027, 84.173, 84.391 and 84.392) – Missing Periodic certifications**

Condition: The District did not obtain semi-annual certifications or periodic Personnel Activity Reports for work being performed on the IDEA Grants.

Recommendation: We recommend the District improve internal controls to ensure it maintains adequate time and effort documentation to support payroll it charges to its special education grants.

Current Status: Adequate time and effort documentation is maintained. No similar findings were noted in the 2012 audit.

CBTT

*Conroy, Boulrice, Telling & Trombley, PC*

*Certified Public Accountants*

JACK L. CONROY, CPA

MICHAEL L. BOULRICE, CPA

THOMAS R. TELLING, CPA

LEO P. TROMBLEY, CPA

**INDEPENDENT AUDITOR'S REPORT**

To the School Board  
Beekmantown Central School District  
West Chazy, New York 12992

We have audited the accompanying statement of assets, liabilities and fund balance – cash basis of the Extraclassroom Activity Funds of the Beekmantown Central School District as of June 30, 2012, and the related statement of receipts, disbursements and ending balances – cash basis for the year then ended. These financial statements are the responsibility of the Beekmantown Central School District's management. Our responsibility is to express an opinion 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 minimum program procedures established by the New York State Department of Education. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of the Extraclassroom Activity Funds of the Beekmantown Central School District as of June 30, 2012, and its receipts, disbursements and ending balances for the year then ended, on the cash basis of accounting.

*Conroy, Boulrice, Telling & Trombley, P.C.*

Conroy, Boulrice, Telling & Trombley, PC  
October 22, 2012



**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY FUNDS**

**STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS**

**June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ 116,752</u>	<u>\$ 109,347</u>
<b>Total Assets</b>	<u><u>\$ 116,752</u></u>	<u><u>\$ 109,347</u></u>
<b>LIABILITIES</b>		
Sales Tax Payable	\$ 797	\$ 997
<b>FUND BALANCE</b>		
Extraclassroom Activity	<u>115,955</u>	<u>108,350</u>
<b>Total Fund Balance</b>	<u><u>\$ 116,752</u></u>	<u><u>\$ 109,347</u></u>

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT****EXTRACLASSROOM ACTIVITY FUNDS  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND ENDING FUND BALANCE - CASH BASIS  
Year Ended June 30, 2012 and 2011**

Activity	Balance 06/30/11	Receipts	Disbursements	Balance 06/30/12
Class of 2011	\$ 375	\$ -	\$ -	\$ 375
Class of 2012	9,266	12,558	20,316	1,508
Class of 2013	12,017	25,177	26,720	10,474
Class of 2014	8,836	8,924	1,830	15,930
Class of 2015	7,789	9,685	7,122	10,352
Class of 2016	5,779	4,748	3,523	7,004
Class of 2017	5,130	6,975	4,619	7,486
Class of 2018	-	13,621	10,416	3,205
Library Club	896	1	-	897
NYS Tax Account	997	3,751	3,951	797
S.A.D.D.	635	595	301	929
H.S. Student Council	20,814	47,880	54,207	14,487
M.S. Student Council	2,386	3,376	3,119	2,643
Varsity Club	1,671	3,117	2,504	2,284
H.S. Yearbook Club	20,122	12,960	12,489	20,593
Outdoor Adventure Club	856	1	-	857
M.S. Yearbook	3,564	5,727	4,351	4,940
M.S. Drama Club	2,958	2,406	1,376	3,988
H.S. Drama Club	2,881	3,564	-	6,445
BCS Fitness Center	21	-	-	21
Community Service Club	21	-	-	21
National Honor Society	896	1,476	1,386	986
Natinal Jr Honor Society	1	2,646	2,270	377
BCS Fitness Club	1,436	1	1,284	153
Total	<u>\$ 109,347</u>	<u>\$ 169,189</u>	<u>\$ 161,784</u>	<u>\$ 116,752</u>

## **BEEKMANTOWN CENTRAL SCHOOL DISTRICT**

### **EXTRACLASSROOM ACTIVITY FUNDS NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1. Summary of Significant Accounting Policies**

Basis of Accounting: The books and records of the Beekmantown Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Basis of Presentation: The Extraclassroom Activity Funds of the Beekmantown Central School District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. The cash and investment balances are reported in the Trust and Agency Funds of the District.

Cash Equivalents: For financial statement purposes all highly liquid investments having maturities of three months or less are considered as cash equivalents.

**BEEKMANTOWN CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT LETTER**  
**JUNE 30, 2012**

CBTT

*Conroy, Boulrice, Telling & Trombley, PC*

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JACK L. CONROY, CPA

MICHAEL L. BOULRICE, CPA

*Certified Public Accountants*

THOMAS R. TELLING, CPA

LEO P. TROMBLEY, CPA

October 22, 2012

To the Board of Education  
Beekmantown Central School District  
West Chazy, New York

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Beekmantown Central School District for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 21, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Beekmantown Central School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 22, 2012.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Audit Comments

School Lunch Fund – The School Lunch Fund had an operating deficit of \$31,516 for the year ended June 30, 2012. The fund balance was a negative \$108,927 at June 30, 2012. It is our understanding that the Board of Education appropriated a transfer from the General Fund for the 2013 year end in the amount of \$104,025.

We would again like to thank Mary LaValley Blaine, Eric Bell and the staff of Beekmantown Central School District for their assistance during our audit of the financial records for the school district. It is a pleasure to work with a team who has an interest in the District and its operation as represented by the staff and management of Beekmantown Central School District.

This information is intended solely for the use of Conroy, Boulrice, Telling & Trombley, PC and management of the Beekmantown Central School District and should not be used for any other purpose.

Very truly yours,

*Conroy, Boulrice, Telling & Trombley, PC*

Conroy, Boulrice, Telling & Trombley, PC