

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2011**

**WITH INDEPENDENT AUDITORS' REPORT**

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O'Connor Davies Munns & Dobbins, llp

ACCOUNTANTS AND CONSULTANTS

### INDEPENDENT AUDITORS' REPORT

To the Board of Education of the  
Mount Pleasant Central School District, New York:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Mount Pleasant Central School District, New York ("School District") as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District as of June 30, 2011 and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Special Aid funds for the year then ended in 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 September 13, 2011 on our consideration of the School District's internal control over financial reporting and 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Schedule of Funding Progress - Other Post Employment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical

context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements as a whole. The combining and individual fund financial statements and schedules 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 States, Local Governments and Non-Profit Organizations, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements as a whole.

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**

Harrison, New York

September 13, 2011

**Mt. Pleasant Central School District, New York  
Management's Discussion and Analysis (MD&A)  
June 30, 2011**

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**Introduction**

Our discussion and analysis of the Mt. Pleasant Central School District, New York's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2011. It should be read in conjunction with the basic financial statements, which immediately follows this section, to enhance understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year ended June 30, 2011 are as follows:

- At the end of the last fiscal year 2009-2010, the total fund balance of the General Fund was \$6,664,234 and the restricted fund balance was \$3,359,910, the assigned fund balance was \$1,289,134, and the unassigned fund balance was \$2,015,190. At the end of the current fiscal year the fund balance was \$6,898,778. The restricted balance was \$3,565,662, the assigned fund balance was \$1,280,118, and the unassigned fund balance was \$2,052,998. New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated from the subsequent year's budget. The increase in fund balance, \$234,544, was primarily due to controlling expenditures while maintaining revenues. Expenditures overall were approximately \$1.8 million less than the final budget. There were significant savings in regular school instruction, programs for students with disabilities, transportation, and employee benefits. Regular school instruction savings were achieved by reducing staff, replacing retiree positions at lower costs, and improving staffing efficiencies. In special education, we continued several programs within our curriculum so that we did not incur the planned tuition and transportation costs of outside programs. We also realized savings in contractual costs for related services and contractual salaries. Redesigned bus routes created greater efficiency, which resulted in substantial savings in transportation. In employee benefits, we realized savings in social security costs and other miscellaneous employee fringe benefits costs.

Our revenues were higher than planned due to an increase in the county sales tax received. Sales tax received was approximately \$235,000 higher than budgeted amounts. As a result of controlling expenditures and increased revenues, the fund balance was significantly improved for the fifth year in a row, which in turn allowed the District to increase the amount designated for subsequent year's expenditures to balance the 2011/12 budget.

- On the district-wide financial statements, the liabilities of the School District exceeded assets by \$2,337,052. Of this amount, the unrestricted portion is a deficit of \$13,881,248. This deficit results from the payment of tax certioraris that were financed through long-term borrowings and the recognition of the other post employment benefit obligations

("OPEB") as required under the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45. The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision and dental. GASB Statement No. 45 establishes standards for an accrual based measurement and recognition of OPEB expenses over periods that approximate employees' years of active service, as well as the required note disclosures. For the year ending June 30, 2011, the School District's OPEB obligation of \$7,715,237 is reflected as a liability on the district-wide financial statements, and accordingly is a major factor in the decrease in total net assets.

## **Overview of the Financial Statements**

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

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

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

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

### ***Fund Financial Statements***

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate

compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

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

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

#### *Notes to the Financial Statements*

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



## District-Wide Financial Analysis

This is the fifth year for district-wide financial statements using the full accrual basis of accounting; therefore a comparison with prior years is available.

As noted earlier, net assets may serve over time as a useful indicator of the School District's financial position. In the case of the Mount Pleasant Central School District, New York, liabilities exceeded assets by \$2,337,052 at the close of the current fiscal year.

### Net Assets

	June 30,	
	2011	2010
Current Assets	\$ 10,511,301	\$ 9,202,628
Capital Assets, net	<u>26,515,242</u>	<u>27,190,490</u>
<b>Total Assets</b>	<u>37,026,543</u>	<u>36,393,118</u>
Current Liabilities	3,039,696	2,316,916
Long-term Liabilities	<u>36,323,899</u>	<u>35,905,594</u>
<b>Total Liabilities</b>	<u>39,363,595</u>	<u>38,222,510</u>
<b>Net Assets:</b>		
Invested in Capital Assets		
Net of Related Debt	7,630,242	7,155,490
Restricted for:		
Tax Certiorari	2,387,629	2,116,403
Unemployment Benefits	164,985	163,351
Debt Service	537,478	532,156
Retirement Contribution	175,740	174,000
Capital Projects	470,299	189,055
School Lunch	120,545	56,408
Special Purposes	57,278	55,733
Unrestricted	<u>(13,881,248)</u>	<u>(12,271,988)</u>
<b>Total Net Assets</b>	<u>\$ (2,337,052)</u>	<u>\$ (1,829,392)</u>

By far, the largest component of the School District's net assets is its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Those assets subject to external restrictions constitute \$3,913,954 of the total net assets. The balance of unrestricted net assets, a deficit of (\$13,881,248) is related to financed tax certioraris and recognition of OPEB expenses in accordance with GASB Statement No. 45.

### Changes in Net Assets

	Year Ended June 30,	
	2011	2010
Revenues:		
Program Revenues:		
Charges for Services	\$ 721,017	\$ 778,500
Operating Grants and Contributions	1,313,459	1,354,387
Capital Grants and Contributions	5,322	305,269
Total Program Revenues	<u>2,039,798</u>	<u>2,438,156</u>
General Revenues:		
Real Property Taxes	36,935,726	38,120,158
Other Tax Items	5,592,905	5,439,066
Non-Property Taxes	635,863	619,913
Unrestricted Use of Money and Property	40,350	66,437
Sale of Property and Compensation for Loss	17,194	5,193
Unrestricted State Aid	4,891,364	4,674,807
Unrestricted Federal aid	212,223	551,722
Miscellaneous	252,779	333,882
Total General Revenues	<u>48,578,404</u>	<u>49,811,178</u>
Total Revenues	<u>50,618,202</u>	<u>52,249,334</u>
Program Expenses:		
General Support	6,503,283	7,454,785
Instruction	40,518,826	41,226,714
Pupil Transportation	2,493,481	2,889,449
Cost of Food Sales	359,884	360,668
Other	7,353	10,245
Interest	1,243,035	1,278,613
Total Expenses	<u>51,125,862</u>	<u>53,220,474</u>
Change in Net Assets	(507,660)	(971,140)
Net Assets - Beginning	<u>(1,829,392)</u>	<u>(858,252)</u>
Net Assets - Ending	<u>\$ (2,337,052)</u>	<u>\$ (1,829,392)</u>

The major changes are as follows:

**Revenues:**

- Capital grants and contributions decreased as a result of Expanding our Children's Education and Learning (EXCEL) Aid in the amount of \$300,000 in the previous year.
- Real property taxes decreased by \$1,184,432. This was a result of a lower tax levy associated with the 2010-11 school budget.
- Other tax items include the reimbursement received from the School Tax Relief Reimbursement Program (STAR). The STAR Program provides tax relief to homeowners through New York State reimbursement to the District.
- The decrease in Unrestricted Federal Aid of \$339,499 was a result of a smaller allocation from the New York State appropriation under the American Recovery and Reinvestment Act of 2009.

**Expenses:**

- General Support expenses decreased by \$951,502. This decrease was primarily the result of a significant tax certiorari payment that was financed by a serial bond in the prior year.
- Instruction program expenses decreased by \$707,888. This decrease is due to staff reductions and a decrease in contractual costs for related services.
- Transportation expense decreased by \$395,968 due to a redesign of bus routes and savings in fuel costs.

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

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

#### ***Governmental Funds***

The focus of the School District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the School District's financing requirements.

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$6,898,778. The fund balance includes \$2,052,998 of unassigned fund balance, exclusive of \$1,200,000, which has been designated for subsequent year's expenditures. For the fifth year in a row, the District has managed both 2010-2011 budget revenues and expenditures (excluding certioraris) to be favorable when compared to budget. For the 2010-2011 fiscal year, revenues exceeded budgetary estimates by \$37,423 and expenditures were \$1,772,018 less than the final

budget, inclusive of encumbrances of \$80,118. This budgetary control contributed to the increase in fund balance. In addition, a designation for subsequent year's expenditures in the amount of \$1,200,000 exists for use in the 2011-2012 budget.

### General Fund Budgetary Comments

The original budget of \$50,470,134, inclusive of prior year encumbrances, (expenditures) was increased to \$50,911,404. The resolutions increasing the budget included an authorization to pay tax certiorari expenditures.

### Capital Assets

At June 30, 2011, the School District had \$26,515,242 net of accumulated depreciation invested in capital assets, including land, improvements other than buildings, buildings and improvements and machinery and equipment. The change in capital assets is reflected below.

	June 30,	
	2011	2010
Land	\$ 1,632,800	\$ 1,632,800
Improvements Other than Buildings	7,402	8,541
Buildings and Improvements	24,625,158	25,274,657
Machinery and Equipment	249,882	274,492
Total Capital Assets, net of Accumulated Depreciation	<u>\$ 26,515,242</u>	<u>\$ 27,190,490</u>

The statement of capital assets reflects the asset categories net of accumulated depreciation. More detailed information about the School District's capital assets is presented in the notes to the financial statements.

### Long-Term Debt

At June 30, 2011, the School District has \$ 36,323,899 in general obligation and other debt outstanding, as follows:

	June 30,	
	2011	2010
Bonds Payable	\$ 28,275,000	\$ 30,125,000
Compensated Absences	333,662	374,482
Other Post Employment benefit Obligations Payable	7,715,237	5,406,112
	<u>\$ 36,323,899</u>	<u>\$ 35,905,594</u>

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

### **Requests for Information**

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

**Mt. Pleasant Central School District  
Attn: Lisa Sanfilippo  
Business Manager  
825 Westlake Drive  
Thornwood, New York 10594**

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

**ASSETS**

Cash and equivalents	\$ 7,755,068
Investments	826,347
Receivables:	
Accounts	25,980
State and Federal aid	1,582,455
Due from other governments	320,025
Inventories	1,426
Capital assets (net of accumulated depreciation):	
Land	1,632,800
Improvements other than buildings	7,402
Buildings and improvements	24,625,158
Machinery and equipment	249,882
<b>Total Assets</b>	<b>37,026,543</b>

**LIABILITIES**

Accounts payable	288,685
Accrued liabilities	143,739
Due to other governments	270
Unearned revenues	37,958
Due to retirement systems	2,493,749
Accrued interest payable	75,295
Non-current liabilities:	
Due within one year:	
Bonds payable - Capital construction	1,195,000
Bonds payable - Judgments and claims	665,000
Compensated absences	33,000
Due in more than one year:	
Bonds payable - Capital construction	17,690,000
Bonds payable - Judgments and claims	8,725,000
Compensated absences	300,662
Other post employment benefit obligations payable	7,715,237
<b>Total Liabilities</b>	<b>39,363,595</b>

**NET ASSETS**

Invested in capital assets, net of related debt	7,630,242
Restricted for:	
Tax certiorari	2,387,629
Unemployment benefits	164,985
Debt service	537,478
Retirement contribution	175,740
Capital projects	470,299
School lunch	120,545
Special purposes	57,278
Unrestricted	(13,881,248)
<b>Total Net Assets</b>	<b>\$ (2,337,052)</b>

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

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General support	\$ 6,503,283	\$ 27,902	\$ 118,536	\$ -	\$ (6,356,845)
Instruction	40,518,826	345,245	1,109,874	-	(39,063,707)
Pupil transportation	2,493,481	-	-	-	(2,493,481)
Cost of food sales	359,884	347,870	76,151	-	64,137
Other	7,353	-	8,898	-	1,545
Interest	1,243,035	-	-	5,322	(1,237,713)
<b>Total Governmental Activities</b>	<b>\$ 51,125,862</b>	<b>\$ 721,017</b>	<b>\$ 1,313,459</b>	<b>\$ 5,322</b>	<b>(49,086,064)</b>
General Revenues:					
Real property taxes					36,935,726
Other tax items -					
School tax relief reimbursement					5,592,905
Non-property taxes -					
Non-property tax distribution from County					635,863
Unrestricted use of money and property					40,350
Sale of property and compensation for loss					17,194
Unrestricted State aid					4,891,364
Unrestricted Federal aid					212,223
Miscellaneous					252,779
<b>Total General Revenues</b>					<b>48,578,404</b>
<b>Change in Net Assets</b>					<b>(507,660)</b>
<b>Net Assets - Beginning of Year</b>					<b>(1,829,392)</b>
<b>Net Assets - Ending</b>					<b>\$ (2,337,052)</b>

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

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General	Capital Projects
<b>ASSETS</b>		
Cash and Equivalents	\$ 7,559,516	\$ -
Investments	826,347	-
Receivables:		
Accounts	25,980	-
State and Federal aid	776,832	-
Due from other governments	320,025	-
Due from other funds	786,169	470,299
Inventories	-	-
Total Assets	<u>\$ 10,294,869</u>	<u>\$ 470,299</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 253,702	\$ -
Accrued liabilities	143,739	-
Due to other governments	-	-
Due to other funds	476,299	-
Deferred revenues	28,602	-
Due to retirement systems	2,493,749	-
Total Liabilities	<u>3,396,091</u>	<u>-</u>
Fund Balances:		
Nonspendable	-	-
Restricted	3,565,662	470,299
Assigned	1,280,118	-
Unassigned	2,052,998	-
Total Fund Balances	<u>6,898,778</u>	<u>470,299</u>
Total Liabilities and Fund Balances	<u>\$ 10,294,869</u>	<u>\$ 470,299</u>

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



Special Aid	Other Governmental	Total Governmental Funds
\$ -	\$ 195,552	\$ 7,755,068
-	-	826,347
-	-	25,980
801,413	4,210	1,582,455
-	-	320,025
9,356	-	1,265,824
-	1,426	1,426
<u>\$ 810,769</u>	<u>\$ 201,188</u>	<u>\$ 11,777,125</u>

\$ 34,983	\$ -	\$ 288,685
-	-	143,739
-	270	270
766,430	23,095	1,265,824
9,356	-	37,958
-	-	2,493,749
<u>810,769</u>	<u>23,365</u>	<u>4,230,225</u>

-	1,426	1,426
-	57,278	4,093,239
-	119,119	1,399,237
-	-	2,052,998
-	177,823	7,546,900
<u>\$ 810,769</u>	<u>\$ 201,188</u>	<u>\$ 11,777,125</u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS

JUNE 30, 2011

Fund Balances - Total Governmental Funds

\$ 7,546,900

Amounts Reported for Governmental Activities in the Statement of Net  
Assets is Different Because:

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds.

26,515,242

Long-term liabilities that are not due and payable in the current  
period are not reported in the funds.

Accrued interest payable

(75,295)

Bonds payable

(28,275,000)

Compensated absences

(333,662)

Other post employment benefit obligations payable

(7,715,237)

(36,399,194)

Net Assets of Governmental Activities

\$ (2,337,052)

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

## MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2011

	General	Capital Projects	Special Aid	Other Governmental Funds
<b>REVENUES</b>				
Real property taxes	\$ 36,935,726	\$ -	\$ -	\$ -
Other tax items	5,592,905	-	-	-
Non-property taxes	635,863	-	-	-
Charges for services	345,245	-	-	-
Use of money and property	101,852	-	-	283
Sale of property and compensation for loss	17,194	-	-	-
State aid	5,033,568	-	98,443	4,823
Federal aid	213,033	-	821,521	71,143
Food sales	-	-	-	347,870
Miscellaneous	343,037	-	46,896	8,800
<b>Total Revenues</b>	<b>49,218,423</b>	<b>-</b>	<b>966,860</b>	<b>432,919</b>
<b>EXPENDITURES</b>				
Current:				
General support	5,056,848	-	-	-
Instruction	28,494,845	-	991,471	-
Pupil transportation	2,497,663	-	-	-
Employee benefits	9,512,454	-	-	-
Cost of food sales	-	-	-	359,884
Other	-	-	-	7,353
Debt service:				
Principal	1,850,000	-	-	-
Interest	1,247,458	-	-	-
Capital outlay	-	18,756	-	-
<b>Total Expenditures</b>	<b>48,659,268</b>	<b>18,756</b>	<b>991,471</b>	<b>367,237</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>559,155</b>	<b>(18,756)</b>	<b>(24,611)</b>	<b>65,682</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	300,000	24,611	-
Transfers out	(324,611)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(324,611)</b>	<b>300,000</b>	<b>24,611</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>234,544</b>	<b>281,244</b>	<b>-</b>	<b>65,682</b>
<b>Fund Balances - Beginning of Year</b>	<b>6,664,234</b>	<b>189,055</b>	<b>-</b>	<b>112,141</b>
<b>Fund Balances - End of Year</b>	<b>\$ 6,898,778</b>	<b>\$ 470,299</b>	<b>\$ -</b>	<b>\$ 177,823</b>

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

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Total  
Governmental

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\$ 36,935,726  
5,592,905  
635,863  
345,245  
102,135

17,194  
5,136,834  
1,105,697  
347,870  
398,733

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50,618,202

5,056,848  
29,486,316  
2,497,663  
9,512,454  
359,884  
7,353

1,850,000  
1,247,458  
18,756

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50,036,732

581,470

324,611  
(324,611)

-  
581,470

6,965,430

\$ 7,546,900

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2011

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

Net Change in Fund Balances - Total Governmental Funds	\$ <u>581,470</u>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since capital outlay includes amounts under the capitalization threshold. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlay	15,343
Depreciation expense	<u>(690,591)</u>
	<u>(675,248)</u>

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal paid on bonds	<u>1,850,000</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	4,423
Compensated absences	40,820
Other post employment benefit obligations	<u>(2,309,125)</u>
	<u>(2,263,882)</u>

Change in Net Assets of Governmental Activities	<u>\$ (507,660)</u>
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The notes to the financial statements are an integral part of this statement.

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL AND SPECIAL AID FUNDS  
YEAR ENDED JUNE 30, 2011

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes	\$ 37,014,734	\$ 37,014,734	\$ 36,935,726	\$ (79,008)
Other tax items	5,653,732	5,653,732	5,592,905	(60,827)
Non-property taxes	400,000	400,000	635,863	235,863
Charges for services	320,000	320,000	345,245	25,245
Use of money and property	110,000	110,000	101,852	(8,148)
Sale of property and compensation for loss	5,500	5,500	17,194	11,694
State aid	5,482,034	5,482,034	5,033,568	(448,466)
Federal aid	40,000	40,000	213,033	173,033
Miscellaneous	155,000	155,000	343,037	188,037
Total Revenues	49,181,000	49,181,000	49,218,423	37,423
<b>EXPENDITURES</b>				
Current:				
General support	4,642,268	5,294,178	5,056,848	237,330
Instruction	29,620,734	29,586,645	28,494,845	1,091,800
Pupil transportation	2,939,270	2,750,809	2,497,663	253,146
Employee benefits	9,687,802	9,765,712	9,512,454	253,258
Debt service:				
Principal	1,840,000	1,850,000	1,850,000	-
Interest	1,340,060	1,264,060	1,247,458	16,602
Total Expenditures	50,070,134	50,511,404	48,659,268	1,852,136
Excess (Deficiency) of Revenues Over Expenditures	(889,134)	(1,330,404)	559,155	1,889,559
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(400,000)	(400,000)	(324,611)	75,389
Total Other Financing Sources (Uses)	(400,000)	(400,000)	(324,611)	75,389
Net Change in Fund Balances	(1,289,134)	(1,730,404)	234,544	1,964,948
Fund Balances - Beginning of Year	1,289,134	1,730,404	6,664,234	4,933,830
Fund Balances - End of Year	\$ -	\$ -	\$ 6,898,778	\$ 6,898,778

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

Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
23,054	98,443	98,443	-
866,544	949,341	821,521	(127,820)
55,432	56,432	46,896	(9,536)
<u>945,030</u>	<u>1,104,216</u>	<u>966,860</u>	<u>(137,356)</u>
-	-	-	-
1,045,030	1,204,216	991,471	212,745
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,045,030</u>	<u>1,204,216</u>	<u>991,471</u>	<u>212,745</u>
<u>(100,000)</u>	<u>(100,000)</u>	<u>(24,611)</u>	<u>75,389</u>
100,000	100,000	24,611	(75,389)
-	-	-	-
<u>100,000</u>	<u>100,000</u>	<u>24,611</u>	<u>(75,389)</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUND  
JUNE 30, 2011

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	Agency Fund
<b>ASSETS</b>	
Cash - Demand deposits	\$ 93,361
<b>LIABILITIES</b>	
Accounts Payable	\$ 26,693
Deposits	2,000
Student Activity Funds	64,668
<b>Total Liabilities</b>	<b>\$ 93,361</b>

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



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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

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

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

**A. Financial Reporting Entity**

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

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

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

**B. District-Wide Financial Statements**

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

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

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

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

**C. Fund Financial Statements**

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

**Fund Categories**

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

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

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

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

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

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

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

Special Revenue Funds:

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual

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

and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**E. Assets, Liabilities and Net Assets or Fund Balances**

**Deposits, Investments and Risk Disclosure**

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

The School District's deposit and investment policies are governed by State statutes. The School District has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies and obligations of New York State or its political subdivisions.

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

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2011.

**Investments** - The School District participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. In accordance with the provisions of General Municipal Law, Article 3A, CLASS has designated Cutwater Asset Management, a wholly owned subsidiary of MBIA, Inc. as its registered investment advisor. MBIA, Inc. is registered with the Securities and Exchange Commission ("SEC"), and is

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

subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies. The amount represents the amortized cost of the cooperative shares and is considered to approximate fair value. The School District's position in the pool is equal to the value of the pool shares. Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from MBIA Municipal Investors Service Corporation, 113 King Street, Armonk, NY 10504.

CLASS is rated AAAM by Standard & Poor's. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The Cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

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

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

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

**Due From/To Other Funds** - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2011, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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



NOTES TO FINANCIAL STATEMENTS (Continued)  
 JUNE 30, 2011

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

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

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

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

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

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

Deferred revenues in fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported deferred revenues of \$28,602 for amounts received in advance for various programs in the General Fund and \$9,356 for State and Federal aid received in advance in the Special Aid Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

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

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

**Net Assets** - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets on the Statement of Net Assets include, invested in capital assets, net of related debt, restricted for tax certiorari, unemployment benefits, debt service, retirement contribution, capital projects, school lunch and special purposes. The balance is classified as unrestricted.

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

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

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

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. These funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the entity's governing board.

Assigned fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. This classification will include amounts designated for balancing the subsequent year's budget and encumbrances. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2011

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

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

**F. Encumbrances**

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

**G. Use of Estimates**

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

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 13, 2011.

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

**A. Budgetary Data**

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

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



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

- e) If the voters reject the budget, the Board of Education may resubmit the budget to the voters only once in revised form or as originally issued. The Board may also elect to adopt a contingent budget without voter approval. The contingent budget includes all expenditures needed to provide the minimum services legally required. Total spending under a contingency budget cannot increase by more than 4% or 120% of the Consumer Price Index, whichever is lower. In addition, the administrative budget segment, exclusive of the capital component, may not comprise a greater percentage of the budget than the lesser of either (1) the comparable percentage of the prior year's budget or (2) the comparable percentage of the last defeated budget (See Note 5).
- f) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g) Budgets for General and Special Aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch or Special Purpose funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

**B. Limitation on Unreserved Fund Balance**

The School District is limited to the amount of unassigned fund balance that can be retained. New York State law limits the unassigned fund balance to 4% of the ensuing year's budget.

**C. Application of Accounting Standards**

For the year ended June 30, 2011, the School District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB 54"). GASB 54 changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriations. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2011

**Note 3 - Detailed Notes on All Funds**

**A. Due From/To Other Funds**

The balances reflected as due from/to other funds at June 30, 2011 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 786,169	\$ 476,299
Capital Projects	470,299	-
Special Aid	9,356	766,430
Other Governmental	-	23,095
	<u>\$ 1,265,824</u>	<u>\$ 1,265,824</u>

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

**B. Capital Assets**

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

<u>Class</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Balance June 30, 2011</u>
Capital Assets, not being depreciated - Land	<u>\$ 1,632,800</u>	<u>\$ -</u>	<u>\$ 1,632,800</u>
Capital Assets, being depreciated:			
Improvements Other than Buildings	\$ 717,074	\$ -	\$ 717,074
Buildings and Improvements	33,780,142	-	33,780,142
Machinery and Equipment	<u>833,091</u>	<u>15,343</u>	<u>848,434</u>
Total Capital Assets, being depreciated	<u>35,330,307</u>	<u>15,343</u>	<u>35,345,650</u>
Less Accumulated Depreciation for:			
Improvements Other than Buildings	708,533	1,139	709,672
Buildings and Improvements	8,505,485	649,499	9,154,984
Machinery and Equipment	<u>558,599</u>	<u>39,953</u>	<u>598,552</u>
Total Accumulated Depreciation	<u>9,772,617</u>	<u>690,591</u>	<u>10,463,208</u>
Total Capital Assets, being depreciated, net	<u>\$ 25,557,690</u>	<u>\$ (675,248)</u>	<u>\$ 24,882,442</u>
Capital Assets, net	<u>\$ 27,190,490</u>	<u>\$ (675,248)</u>	<u>\$ 26,515,242</u>

## NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2011

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

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

General Support	\$ 645,199
Instruction	<u>45,392</u>
Total Depreciation Expense	<u>\$ 690,591</u>

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2011 were as follows:

Payroll and Employee Benefits	<u>\$ 143,739</u>
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**D. Pension Plans**

The School District participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS") ("Systems"). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by Education Law and the New York State Retirement and Social Security Law. The Systems issue publicly available financial reports that include financial statements and required supplementary information for the Systems. These reports may be obtained by writing to the New York State and Local Employee's Retirement System, 110 State Street, Albany, New York 12224 and the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395.

**Funding Policy** - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 who also contribute 3% of their salary for ERS and 3.5% for TRS without regard to their years of service. Contributions to ERS are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions to ERS consist of a life insurance portion and regular pension contributions. Pursuant to Article 11 of Education Law, actuarial contributions are established annually for TRS by the New York State Teachers' Retirement Board. Contribution rates for the plans' year's ending in 2011 are as follows:

ERS		TRS	
Tier/Plan	Rate	Tiers	Rate
1 75I	15.3%	1-4	8.62%
3 A14	11.4		
4 A15	11.4		
5 A15	9.2		

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2011

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

Contributions made or accrued to the Systems for the current and two preceding years were as follows:

	ERS	TRS
2011	\$ 414,431	\$ 2,115,570
2010	230,521	1,455,146
2009	225,309	2,139,656

The ERS and TRS contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

The current year ERS and TRS contributions were charged to the General Fund.

**E. Short-Term Non-Capital Borrowings**

The schedule below details the changes in short-term non-capital borrowings. These borrowings consisted of notes issued in anticipation of the collection of real property taxes.

	Balance July 1, 2010	New Issues	Redemptions	Balance June 30, 2011
Tax Anticipation Note	\$ -	\$ 2,500,000	\$ 2,500,000	\$ -

The tax anticipation note of \$2,500,000 was issued on July 6, 2010 and redeemed on November 5, 2010, with interest at 1.00%. Interest expenditures of \$6,464 were recorded in the fund financial statements in the General Fund and the government-wide financial statements.

**F. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2011:

	Balance July 1, 2010	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2011	Due Within One-Year
Bonds Payable	\$ 30,125,000	\$ -	\$ 1,850,000	\$ 28,275,000	\$ 1,860,000
Other Non-Current Liabilities:					
Compensated Absences	374,482	4,180	45,000	333,662	33,000
Other Post Employment Benefit Obligations Payable	5,406,112	3,805,015	1,495,890	7,715,237	-
	5,780,594	3,809,195	1,540,890	8,048,899	33,000
Total Long-Term Liabilities	\$ 35,905,594	\$ 3,809,195	\$ 3,390,890	\$ 36,323,899	\$ 1,893,000

Each governmental fund's liability for bonds, compensated absences and other post employment benefit obligations is liquidated by the General Fund.

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2011

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

**Bonds Payable**

Bonds payable at June 30, 2011 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2011
Tax Certiorari Refunds	2003	\$ 451,000	June, 2012	3.600 %	\$ 40,000
Tax Certiorari Refunds	2004	453,651	June, 2014	4.250-4.500	150,000
Building Construction	2005	10,155,000	May, 2025	4.000-4.250	7,745,000
Building Construction	2005	10,000,000	June, 2024	4.250-4.625	7,840,000
Building Construction	2006	4,740,000	December, 2019	3.650-3.700	3,300,000
Tax Certiorari Refunds	2006	861,000	June, 2015	4.000	430,000
Tax Certiorari Refunds	2008	7,655,819	June, 2027	4.250-4.375	6,825,000
Tax Certiorari Refunds	2008	1,027,110	June, 2015	4.250-4.500	670,000
Tax Certiorari Refunds	2010	1,350,000	June, 2025	3.250-4.000	1,275,000
					<u>\$ 28,275,000</u>

Interest expenditures of \$1,240,994 were recorded in the fund financial statements in the General Fund. Interest expense of \$1,236,571 was recorded in the district-wide financial statements.

**Payments to Maturity**

The annual requirements to amortize all outstanding bonded debt as of June 30, 2011 including interest payments of \$9,203,457 are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 1,860,000	\$ 1,168,434	\$ 3,028,434
2013	1,895,000	1,093,501	2,988,501
2014	1,975,000	1,016,642	2,991,642
2015	2,000,000	936,539	2,936,539
2016	1,965,000	855,525	2,820,525
2017-2021	10,025,000	3,049,850	13,074,850
2022-2026	7,975,000	1,057,591	9,032,591
2027	580,000	25,375	605,375
	<u>\$ 28,275,000</u>	<u>\$ 9,203,457</u>	<u>\$ 37,478,457</u>

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

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

**Compensated Absences**

Pursuant to collective bargaining agreements, upon separation of service, the School District is required to compensate administrators, clerical staff and custodians for unused vacation time. The District is required to make a contribution to a 403B Plan of up to \$12,000 for a maximum of 200 days to all teachers and administrators upon retirement in compensation for accumulated unused sick days. The School District is not required to compensate other employees for accumulated sick leave. The value of the compensated absences has been reflected in the district-wide financial statements.

**Other Post Employment Benefit Obligations Payable**

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post employment health care benefits is shared between the School District and the retired employee. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. The cost of retiree health care benefits is recognized as an expenditure/expense as claims are paid. The School District has recognized revenues and expenditures of \$173,799 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

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

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective.

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2011

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

<u>Year Ended June 30,</u>	<u>Medical</u>
2012	6.00 %
2013	6.00
2014	6.00
2015	6.00
2016-2020+	6.00

The amortization basis is the level dollar method with a closed amortization approach with 27 years remaining in the amortization period. The actuarial assumptions included a 5.0% discount rate, 4.0% ultimate health care trend rate and a payroll growth rate of 4.0%. The School District currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the unit credit method.

The number of participants as of June 30, 2011 was as follows:

Active Employees	262
Retired Employees	<u>144</u>
Total	<u><u>406</u></u>

## Amortization Component:

Actuarial Accrued Liability as of July 1, 2009	\$ 44,506,537
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u><u>\$ 44,506,537</u></u>
Funded Ratio	<u><u>0.00%</u></u>
Covered Payroll (active plan members)	<u>\$ 24,102,220</u>
UAAL as a Percentage of Covered Payroll	<u><u>184.66%</u></u>
Annual Required Contribution	\$ 3,737,193
Interest on Net OPEB Obligation	270,306
Annual Required Contribution Adjustment	<u>(202,484)</u>
Annual OPEB Cost	3,805,015
Contributions Made	<u>(1,495,890)</u>
Increase in Net OPEB Obligation	2,309,125
Net OPEB Obligation - Beginning of Year	<u>5,406,112</u>
Net OPEB Obligation - End of Year	<u><u>\$ 7,715,237</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)  
 JUNE 30, 2011

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 4,268,100	39.4	\$ 2,587,800
2010	4,519,962	37.6	5,406,112
2011	3,805,015	39.3	7,715,237

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

**G. Revenues and Expenditures****Interfund Transfers**

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

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Total</u>
	<u>Capital Projects Fund</u>	<u>Special Aid Fund</u>	
General Fund	<u>\$ 300,000</u>	<u>\$ 24,611</u>	<u>\$ 324,611</u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Capital Projects funds expenditures.

**H. Net Assets**

The components of net assets are detailed below:

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

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



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

*Restricted for Unemployment Benefits* - the component of net assets established to set aside funds to be used for a specific purpose in accordance with Section 6m of General Municipal Law.

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

*Restricted for Retirement Contribution* - the component of net assets that reports the amounts set aside to be used for retirement costs in accordance with Section 6-r of General Municipal Law.

*Restricted for Capital Projects* - the component of net assets that reports the amounts restricted for capital projects, less unexpended bond proceeds and unrestricted interest earnings.

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

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

*Unrestricted* - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)  
JUNE 30, 2011

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

**I. Fund Balances**

	2011				2010			
	General Fund	Capital Projects Fund	Non-Major Governmental	Total	General Fund	Capital Projects Fund	Non-Major Governmental	Total
<b>Nonspendable:</b>								
Inventories	\$ -	\$ -	\$ 1,426	\$ 1,426	\$ -	\$ -	\$ 1,028	\$ 1,028
<b>Restricted:</b>								
Tax certiorari	2,387,629	-	-	2,387,629	2,116,403	-	-	2,116,403
Employee benefit accrued liability	299,830	-	-	299,830	374,000	-	-	374,000
Unemployment benefits	164,985	-	-	164,985	163,351	-	-	163,351
Retirement contribution	175,740	-	-	175,740	174,000	-	-	174,000
Capital	-	470,299	-	470,299	-	189,055	-	189,055
Debt service	537,478	-	-	537,478	532,156	-	-	532,156
Special purposes	-	-	57,278	57,278	-	-	55,733	55,733
	<u>3,565,662</u>	<u>470,299</u>	<u>57,278</u>	<u>4,093,239</u>	<u>3,359,910</u>	<u>189,055</u>	<u>55,733</u>	<u>3,604,698</u>
<b>Assigned:</b>								
Purchases on order:								
General government support	51,407	-	-	51,407	82,167	-	-	82,167
Instruction	28,711	-	-	28,711	6,967	-	-	6,967
	<u>80,118</u>	<u>-</u>	<u>-</u>	<u>80,118</u>	<u>89,134</u>	<u>-</u>	<u>-</u>	<u>89,134</u>
Designated for subsequent year's expenditures	1,200,000	-	-	1,200,000	1,200,000	-	-	1,200,000
School Lunch Fund	-	-	119,119	119,119	-	-	55,380	55,380
	<u>1,280,118</u>	<u>-</u>	<u>119,119</u>	<u>1,399,237</u>	<u>1,289,134</u>	<u>-</u>	<u>55,380</u>	<u>1,344,514</u>
Unassigned	2,052,998	-	-	2,052,998	2,015,190	-	-	2,015,190
	<u>\$ 6,898,778</u>	<u>\$ 470,299</u>	<u>\$ 177,823</u>	<u>\$ 7,546,900</u>	<u>\$ 6,664,234</u>	<u>\$ 189,055</u>	<u>\$ 112,141</u>	<u>\$ 6,965,430</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2011

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

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

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

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

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

Designations of fund balance are not legally required segregations but represent intended use for a specific purpose. At June 30, 2011, the Board of Education has assigned the above amounts to be appropriated for the ensuing year's budget.

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

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

**A. Litigation**

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

**B. Contingencies**

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

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

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

**C. Risk Management**

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million per occurrence and in the aggregate and an excess catastrophe liability policy with coverage up to \$12 million. The School District also maintains liability coverage for school board members up to \$1 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

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

NOTES TO FINANCIAL STATEMENTS (Concluded)

JUNE 30, 2011

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**Note 5 - Other Matters**

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

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a school district in a particular year, beginning with the 2012-2013 fiscal year. It expires on June 16, 2016.

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

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS  
OTHER POST EMPLOYMENT BENEFITS  
LAST THREE FISCAL YEARS

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2008	\$ -	\$ 50,592,500	\$ 50,592,500	- %	\$ 18,988,324	266.44 %
July 1, 2009	-	53,907,140	53,907,140	-	23,463,666	229.75
July 1, 2010	-	44,506,537	44,506,537	-	24,102,220	184.66

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2011 AND 2010

	2011	2010
<u>ASSETS</u>		
Cash - Demand deposits	\$ 7,559,516	\$ 5,764,315
Investments	826,347	824,723
Receivables:		
Accounts	25,980	42,799
State and Federal aid	776,832	1,121,787
Due from other governments,	320,025	357,812
Due from other funds	786,169	712,664
	1,909,006	2,235,062
Total Assets	\$ 10,294,869	\$ 8,824,100
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 253,702	\$ 210,256
Accrued liabilities	143,739	152,539
Due to other funds	476,299	-
Deferred revenues	28,602	23,655
Due to retirement systems	2,493,749	1,773,416
Total Liabilities	3,396,091	2,159,866
Fund Balance:		
Restricted	3,565,662	3,359,910
Assigned	1,280,118	1,289,134
Unassigned	2,052,998	2,015,190
Total Fund Balance	6,898,778	6,664,234
Total Liabilities and Fund Balance	\$ 10,294,869	\$ 8,824,100

## MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 YEARS ENDED JUNE 30, 2011 AND 2010

	2011				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
Revenues:					
Real property taxes	\$ 37,014,734	\$ 37,014,734	\$ 36,935,726	\$	\$ (79,008)
Other tax items	5,653,732	5,653,732	5,592,905		(60,827)
Non-property taxes	400,000	400,000	635,863		235,863
Charges for services	320,000	320,000	345,245		25,245
Use of money and property	110,000	110,000	101,852		(8,148)
Sale of property and compensation for loss	5,500	5,500	17,194		11,694
State aid	5,482,034	5,482,034	5,033,568		(448,466)
Federal aid	40,000	40,000	213,033		173,033
Miscellaneous	155,000	155,000	343,037		188,037
Total Revenues	49,181,000	49,181,000	49,218,423		37,423
Expenditures:					
Current:					
General support:					
Board of education	158,000	160,270	152,294	335	7,641
Central administration	321,778	345,540	330,270	-	15,270
Finance	558,502	534,879	498,409	-	36,470
Staff	323,200	440,388	428,536	-	11,852
Central services	2,773,927	2,762,763	2,597,001	51,072	114,690
Special items	506,861	1,050,338	1,050,338	-	-
Total General Support	4,642,268	5,294,178	5,056,848	51,407	185,923
Instruction:					
Instruction, administration and improvement	1,892,312	1,906,927	1,792,436	26,956	87,535
Teaching - Regular school	16,202,603	16,116,168	15,831,225	-	284,943
Programs for children with handicapping conditions	7,094,150	6,865,867	6,240,333	-	625,534
Occupational education	548,246	627,886	626,756	-	1,130
Instructional media	1,044,667	1,089,828	1,072,013	-	17,815
Pupil services	2,838,756	2,979,969	2,932,082	1,755	46,132
Total Instruction	29,620,734	29,586,645	28,494,845	28,711	1,063,089
Pupil transportation	2,939,270	2,750,809	2,497,663	-	253,146
Employee benefits	9,687,802	9,765,712	9,512,454	-	253,258
Debt service:					
Principal	1,840,000	1,850,000	1,850,000	-	-
Interest	1,340,060	1,264,060	1,247,458	-	16,602
Total Expenditures	50,070,134	50,511,404	48,659,268	80,118	1,772,018
Excess (Deficiency) of Revenues Over Expenditures	(889,134)	(1,330,404)	559,155	(80,118)	1,809,441
Other Financing Sources (Uses):					
Bonds issued	-	-	-	-	-
Transfers out	(400,000)	(400,000)	(324,611)	-	75,389
Total Other Financing Sources (Uses)	(400,000)	(400,000)	(324,611)	-	75,389
Net Change in Fund Balance	(1,289,134)	(1,730,404)	234,544	\$ (80,118)	\$ 1,884,830
Fund Balance - Beginning of Year	1,289,134	1,730,404	6,664,234		
Fund Balance - End of Year	\$ -	\$ -	\$ 6,898,778		



2010				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 38,140,985	\$ 38,140,985	\$ 38,120,158	\$	\$ (20,827)
5,439,066	5,439,066	5,439,066		-
558,665	558,665	619,913		61,248
367,000	367,000	407,002		40,002
203,335	203,335	86,735		(116,600)
10,500	10,500	5,193		(5,307)
5,583,475	5,583,475	4,938,699		(644,776)
33,000	33,000	596,504		563,504
178,000	178,000	436,018		258,018
<u>50,514,026</u>	<u>50,514,026</u>	<u>50,649,288</u>		<u>135,262</u>
129,916	181,953	126,768	43,499	11,686
374,019	316,914	308,508	-	8,406
511,868	571,589	564,490	-	7,099
339,225	478,239	468,813	-	9,426
3,203,152	3,118,020	2,472,802	38,668	606,550
492,786	2,064,782	2,054,422	-	10,360
<u>5,050,966</u>	<u>6,731,497</u>	<u>5,995,803</u>	<u>82,167</u>	<u>653,527</u>
1,899,785	1,783,561	1,705,843	1,172	76,546
16,516,243	16,480,299	16,120,966	382	358,951
7,535,225	7,124,857	6,478,467	-	646,390
546,233	561,529	560,375	-	1,154
1,226,477	1,232,748	1,154,520	2,504	75,724
2,588,764	2,963,983	2,859,898	2,909	101,176
<u>30,312,727</u>	<u>30,146,977</u>	<u>28,880,069</u>	<u>6,967</u>	<u>1,259,941</u>
3,255,291	3,113,272	2,860,547	-	252,725
9,620,393	9,604,631	9,247,345	-	357,286
1,785,000	1,785,000	1,700,000	-	85,000
1,383,510	1,381,510	1,285,038	-	96,472
<u>51,407,887</u>	<u>52,762,887</u>	<u>49,968,802</u>	<u>89,134</u>	<u>2,704,951</u>
<u>(893,861)</u>	<u>(2,248,861)</u>	<u>680,486</u>	<u>(89,134)</u>	<u>2,840,213</u>
-	1,355,000	1,350,000	-	(5,000)
<u>(428,312)</u>	<u>(428,312)</u>	<u>(360,576)</u>	<u>-</u>	<u>67,736</u>
<u>(428,312)</u>	<u>926,688</u>	<u>989,424</u>	<u>-</u>	<u>62,736</u>
<u>(1,322,173)</u>	<u>(1,322,173)</u>	<u>1,669,910</u>	<u>\$ (89,134)</u>	<u>\$ 2,902,949</u>
<u>1,322,173</u>	<u>1,322,173</u>	<u>4,994,324</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,664,234</u>		

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

SCHEDULE OF REVENUES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 37,014,734	\$ 37,014,734	\$ 36,935,726	\$ (79,008)
OTHER TAX ITEMS				
School tax relief reimbursement	5,653,732	5,653,732	5,592,905	(60,827)
NON-PROPERTY TAXES				
Non-property tax distribution from County	400,000	400,000	635,863	235,863
CHARGES FOR SERVICES				
Other student fees and charges	45,000	45,000	64,484	19,484
Day school tuition - Other districts	250,000	250,000	233,888	(16,112)
Other charges - Other governments	25,000	25,000	46,873	21,873
USE OF MONEY AND PROPERTY	320,000	320,000	345,245	25,245
Earnings on investments	100,000	100,000	73,950	(26,050)
Rental of real property - Individuals	10,000	10,000	27,902	17,902
	110,000	110,000	101,852	(8,148)

# SALE OF PROPERTY AND COMPENSATION FOR LOSS

Sale of equipment	-	-	400	400
Insurance recoveries	5,000	5,000	14,806	9,806
Other	500	500	1,988	1,488
	<u>5,500</u>	<u>5,500</u>	<u>17,194</u>	<u>11,694</u>
STATE AID				
Basic formula	4,818,107	4,818,107	4,035,246	(782,861)
Textbooks	128,034	128,034	125,296	(2,738)
Lottery aid	-	-	205,362	205,362
Computer software	14,000	14,000	4,433	(9,567)
Library	12,850	12,850	12,475	(375)
Tuition aid	-	-	133,438	133,438
BOCES	509,043	509,043	517,318	8,275
	<u>5,482,034</u>	<u>5,482,034</u>	<u>5,033,568</u>	<u>(448,466)</u>
FEDERAL AID				
Fiscal stabilization fund (ARRA)	-	-	212,223	212,223
Medical assistance	40,000	40,000	810	(39,190)
	<u>40,000</u>	<u>40,000</u>	<u>213,033</u>	<u>173,033</u>
MISCELLANEOUS				
Refund of prior year's expenditures	120,000	120,000	122,827	2,827
Gifts and donations	-	-	809	809
Refund of Metropolitan commuter transportation mobility tax	-	-	90,258	90,258
Other	35,000	35,000	129,143	94,143
	<u>155,000</u>	<u>155,000</u>	<u>343,037</u>	<u>188,037</u>
TOTAL REVENUES	<u>\$ 49,181,000</u>	<u>\$ 49,181,000</u>	<u>\$ 49,218,423</u>	<u>\$ 37,423</u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET  
YEAR ENDED JUNE 30, 2011

	Original Budget	\$	Final Budget	\$	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>GENERAL SUPPORT</b>							
<b>BOARD OF EDUCATION</b>							
Board of education	\$ 82,200		84,470	\$	79,926	335	\$ 4,209
District clerk	65,800		68,418		66,678	-	1,740
District meeting	10,000		7,382		5,690	-	1,692
Total Board of Education	158,000		160,270		152,294	335	7,641
<b>CENTRAL ADMINISTRATION</b>							
Chief school administrator	321,778		345,540		330,270	-	15,270
<b>FINANCE</b>							
Business administration	405,002		385,384		349,278	-	36,106
Auditing	59,500		55,921		55,921	-	-
Treasurer	94,000		93,574		93,210	-	364
Total Finance	558,502		534,879		498,409	-	36,470
<b>STAFF</b>							
Legal	162,700		289,985		287,285	-	2,700
Personnel	107,000		94,283		89,719	-	4,564
Public information and services	53,500		56,120		51,532	-	4,588
Total Staff	323,200		440,388		428,536	-	11,852
<b>CENTRAL SERVICES</b>							
Operation of plant	2,186,640		2,165,215		2,085,779	-	79,436
Maintenance of plant	587,287		597,548		511,222	51,072	35,254
Total Central Services	2,773,927		2,762,763		2,597,001	51,072	114,690

## SPECIAL ITEMS

Unallocated insurance	205,621	192,861	192,861	-
Taxes and assessments on school property	125,000	129,066	129,066	-
Refunds of real property taxes	-	461,913	461,913	-
Metropolitan commuter transportation mobility tax	-	90,258	90,258	-
Administrative charge - BOCES	176,240	176,240	176,240	-
Total Special Items	506,861	1,050,338	1,050,338	-
Total General Support	4,642,268	5,294,178	5,056,848	51,407
				185,923

## INSTRUCTION

### INSTRUCTION, ADMINISTRATION AND IMPROVEMENT

Curriculum development and supervision	332,346	411,098	355,256	26,956	28,886
Supervision - Regular school	1,559,966	1,495,829	1,437,180	-	58,649
Total Instruction, Administration and Improvement	1,892,312	1,906,927	1,792,436	26,956	87,535
TEACHING - REGULAR SCHOOL	16,202,603	16,116,168	15,831,225	-	284,943
PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS					
Programs for students with disabilities	7,094,150	6,865,867	6,240,333	-	625,534
OCCUPATIONAL EDUCATION	548,246	627,886	626,756	-	1,130
INSTRUCTIONAL MEDIA					
School library and audiovisual	265,406	270,841	267,131	-	3,710
Computer assisted instruction	779,261	818,987	804,882	-	14,105
Total Instructional Media	1,044,667	1,089,828	1,072,013	-	17,815

(Continued)

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)  
YEAR ENDED JUNE 30, 2011

INSTRUCTION (Continued)	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>PUPIL SERVICES</b>					
Guidance - Regular school	\$ 855,659	\$ 910,993	\$ 889,695	\$ -	\$ 21,298
Health services - Regular school	357,057	375,684	359,130	-	16,554
Psychological services - Regular school	558,100	491,546	489,042	-	2,504
Social work services - Regular school	191,386	191,646	191,646	-	-
Co-curricular activities - Regular school	237,800	237,996	237,996	-	-
Interscholastic activities - Regular school	638,754	772,104	764,573	1,755	5,776
Total Pupil Services	2,838,756	2,979,969	2,932,082	1,755	46,132
Total Instruction	29,620,734	29,586,645	28,494,845	28,711	1,063,089
<b>PUPIL TRANSPORTATION</b>					
District transportation	61,522	72,116	72,116	-	-
Contract transportation	2,877,748	2,678,693	2,425,547	-	253,146
Total Pupil Transportation	2,939,270	2,750,809	2,497,663	-	253,146
<b>EMPLOYEE BENEFITS</b>					
State retirement	408,574	414,431	414,431	-	-
Teachers' retirement	1,976,447	2,115,570	2,115,570	-	-
Social security	2,030,888	2,030,888	1,919,239	-	111,649
Workers' compensation benefits	120,393	124,475	124,475	-	-
Hospital, medical and dental insurance	4,358,000	4,213,020	4,210,690	-	2,330
Unemployment benefits	91,000	86,918	74,735	-	12,183
Employee benefit fund	702,500	780,410	653,314	-	127,096
Total Employee Benefits	9,687,802	9,765,712	9,512,454	-	253,258

**DEBT SERVICE**

Principal -					
Serial bonds	1,840,000	1,850,000	1,850,000	-	-
Interest:					
Serial bonds	1,260,060	1,250,060	1,240,994	-	9,066
Tax anticipation notes	80,000	14,000	6,464	-	7,536
	1,340,060	1,264,060	1,247,458	-	16,602
Total Debt Service	3,180,060	3,114,060	3,097,458	-	16,602
TOTAL EXPENDITURES	50,070,134	50,511,404	48,659,268	80,118	1,772,018

**OTHER FINANCING USES**

Transfers out:					
Special Aid Fund	100,000	100,000	24,611	-	75,389
Capital Projects Fund	300,000	300,000	300,000	-	-
	400,000	400,000	324,611	-	75,389
TOTAL OTHER FINANCING USES					
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 50,470,134	\$ 50,911,404	\$ 48,983,879	\$ 80,118	\$ 1,847,407

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b><u>ASSETS</u></b>		
Receivables:		
State and Federal aid	\$ -	\$ 300,000
Due from other funds	<u>470,299</u>	<u>-</u>
Total Assets	<u>\$ 470,299</u>	<u>\$ 300,000</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Accounts payable	\$ -	\$ 45,079
Retainages payable	-	4,736
Due to other funds	<u>-</u>	<u>61,130</u>
Total Liabilities	-	110,945
Fund Balance - Restricted	<u>470,299</u>	<u>189,055</u>
Total Liabilities and Fund Balance	<u>\$ 470,299</u>	<u>\$ 300,000</u>



MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND  
COMPARATIVE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Revenues - State aid	\$ -	\$ 300,000
Expenditures - Capital outlay	18,756	642,395
Deficiency of Revenues Over Expenditures	(18,756)	(342,395)
Other Financing Sources - Transfers in	300,000	328,312
Net Change in Fund Balance	281,244	(14,083)
Fund Balance - Beginning of Year	189,055	203,138
Fund Balance - End of Year	<u>\$ 470,299</u>	<u>\$ 189,055</u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND  
PROJECT-LENGTH SCHEDULE

INCEPTION OF PROJECT THROUGH JUNE 30, 2011

Project	Authoriza- tion	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
District-Wide Construction 2009-2010	\$ 328,312	\$ 139,257	\$ 2,250	\$ 141,507
High School/Middle School Library Renovations	613,039	300,000	-	300,000
Roof Project	300,000	-	16,506	16,506
Totals	<u>\$ 1,241,351</u>	<u>\$ 439,257</u>	<u>\$ 18,756</u>	<u>\$ 458,013</u>

Unexpended Balance	Methods of Financing			Fund Balance at June 30, 2011
	Interfund Transfers	State Aid	Totals	
\$ 186,805	\$ 328,312	\$ -	\$ 328,312	\$ 186,805
313,039	-	300,000	300,000	-
<u>283,494</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>283,494</u>
<u>\$ 783,338</u>	<u>\$ 628,312</u>	<u>\$ 300,000</u>	<u>\$ 928,312</u>	<u>\$ 470,299</u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

SPECIAL AID FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2011 AND 2010

	2011	2010
<u>ASSETS</u>		
Receivables:		
State and Federal aid	\$ 801,413	\$ 654,454
Due from other funds	9,356	12,752
Total Assets	<u>\$ 810,769</u>	<u>\$ 667,206</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 34,983	\$ -
Accounts Liabilities	-	15,076
Due to Other Funds	766,430	639,954
Deferred Revenues	9,356	12,176
Total Liabilities	<u>\$ 810,769</u>	<u>\$ 667,206</u>

## MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

## SPECIAL AID FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
YEARS ENDED JUNE 30, 2011 AND 2010

	2011			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State aid	\$ 23,054	\$ 98,443	\$ 98,443	\$ -
Federal aid	866,544	949,341	821,521	(127,820)
Other	55,432	56,432	46,896	(9,536)
Total Revenues	945,030	1,104,216	966,860	(137,356)
Expenditures -				
Current -				
Instruction	1,045,030	1,204,216	991,471	212,745
Deficiency of Revenues Over Expenditures	(100,000)	(100,000)	(24,611)	75,389
Other Financing Sources -				
Transfers in	100,000	100,000	24,611	(75,389)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

2010

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 139,058	\$ 139,058	\$ 139,044	\$ (14)
823,407	823,407	711,170	(112,237)
-	-	-	-
962,465	962,465	850,214	(112,251)
1,062,465	1,062,465	882,478	179,987
(100,000)	(100,000)	(32,264)	67,736
100,000	100,000	32,264	(67,736)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

## MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2011  
 (With Comparative Totals for 2010)

			Total Non-Major Governmental Funds	
	School Lunch	Special Purpose	2011	2010
<u>ASSETS</u>				
Cash - Demand deposits	\$ 132,439	\$ 63,113	\$ 195,552	\$ 73,659
Investments	-	-	-	55,733
State and Federal Aid Receivable	4,210	-	4,210	6,318
Inventories	1,426	-	1,426	1,028
Total Assets	<u>\$ 138,075</u>	<u>\$ 63,113</u>	<u>\$ 201,188</u>	<u>\$ 136,738</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other governments	\$ 270	\$ -	\$ 270	\$ 265
Due to other funds	17,260	5,835	23,095	24,332
Total Liabilities	<u>17,530</u>	<u>5,835</u>	<u>23,365</u>	<u>24,597</u>
Fund Balances:				
Nonspendable	1,426	-	1,426	1,028
Restricted	-	57,278	57,278	55,733
Assigned	119,119	-	119,119	55,380
Total Fund Balances	<u>120,545</u>	<u>57,278</u>	<u>177,823</u>	<u>112,141</u>
Total Liabilities and Fund Balances	<u>\$ 138,075</u>	<u>\$ 63,113</u>	<u>\$ 201,188</u>	<u>\$ 136,738</u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2011  
(With Comparative Totals for 2010)

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2011	2010
Revenues:				
Use of money and property	\$ 185	\$ 98	\$ 283	\$ 316
State aid	4,823	-	4,823	5,363
Federal aid	71,143	-	71,143	66,644
Food sales	347,870	-	347,870	360,402
Miscellaneous	-	8,800	8,800	17,107
Total Revenues	424,021	8,898	432,919	449,832
Expenditures -				
Current:				
Cost of food sales	359,884	-	359,884	357,465
Other	-	7,353	7,353	10,245
Total Expenditures	359,884	7,353	367,237	367,710
Excess of Revenues Over Expenditures	64,137	1,545	65,682	82,122
Fund Balances - Beginning of Year	56,408	55,733	112,141	30,019
Fund Balances - End of Year	\$ 120,545	\$ 57,278	\$ 177,823	\$ 112,141



MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

SCHOOL LUNCH FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2011 AND 2010

	2011	2010
<u>ASSETS</u>		
Cash - Demand deposits	\$ 132,439	\$ 73,659
State and Federal Aid Receivable	4,210	6,318
Inventories	1,426	1,028
Total Assets	<u>\$ 138,075</u>	<u>\$ 81,005</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Due to other governments	\$ 270	\$ 265
Due to other funds	17,260	24,332
Total Liabilities	<u>17,530</u>	<u>24,597</u>
Fund Balance :		
Nonspendable	1,426	1,028
Assigned	119,119	55,380
Total Fund Balance	<u>120,545</u>	<u>56,408</u>
Total Liabilities and Fund Balance	<u>\$ 138,075</u>	<u>\$ 81,005</u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

SCHOOL LUNCH FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Revenues:		
Use of money and property	\$ 185	\$ 198
State aid	4,823	5,363
Federal aid	71,143	66,644
Food sales	347,870	360,402
Total Revenues	424,021	432,607
Expenditures - Current - Cost of food sales	359,884	357,465
Excess of Revenues Over Expenditures	64,137	75,142
Fund Balance (Deficit) - Beginning of Year	56,408	(18,734)
Fund Balance - End of Year	<u>\$ 120,545</u>	<u>\$ 56,408</u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

SPECIAL PURPOSE FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 63,113	\$ -
Investments	-	55,733
Total Assets	<u>\$ 63,113</u>	<u>\$ 55,733</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities - Due to other funds	\$ 5,835	\$ -
Fund Balance - Restricted	57,278	55,733
Total Liabilities and Fund Balance	<u>\$ 63,113</u>	<u>\$ 55,733</u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

SPECIAL PURPOSE FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Revenues:		
Use of money and property	\$ 98	\$ 118
Miscellaneous	8,800	17,107
Total Revenues	8,898	17,225
Expenditures - Current - Other	7,353	10,245
Excess of Revenues Over Expenditures	1,545	6,980
Fund Balance - Beginning of Year	55,733	48,753
Fund Balance - End of Year	\$ 57,278	\$ 55,733

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

ANALYSIS OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET  
YEAR ENDED JUNE 30, 2011

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Adopted Budget	\$ 50,381,000
Additions - Encumbrances	<u>89,134</u>
Original Budget	50,470,134
Budget Revisions	<u>441,270</u>
Final Budget	<u><u>\$ 50,911,404</u></u>

GENERAL FUND

ANALYSIS OF USE OF FUND BALANCE  
AS OF THE BEGINNING OF THE YEAR ENDED JUNE 30, 2011

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Assigned and Unassigned Fund Balance (Less encumbrances) - Beginning of Year	\$ 3,215,190
Less - Appropriated Fund Balance Used for Levy of Taxes	<u>1,200,000</u>
Undesignated Fund Balance	<u><u>\$ 2,015,190</u></u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES COMPARED

TO ST-3 DATA

YEAR ENDED JUNE 30, 2011

	<u>Account Code</u>	<u>Amount Per ST-3</u>	<u>Audited Amount</u>
<b>REVENUES</b>			
Real Property Taxes	A - 1001	\$ 36,935,726	\$ 36,935,726
Non-Property Taxes	AT-1199	635,863	635,863
State Aid	AT-3999	5,033,568	5,033,568
Federal Aid	AT-4999	213,033	213,033
Total Revenues	AT-5999	49,218,423	49,218,423
<b>EXPENDITURES</b>			
General Support	AT-1999	5,056,852 (1)	5,056,848
Pupil Transportation	AT-5599	2,497,664 (1)	2,497,663
Debt Service - Principal	AT-9798.6	1,850,000	1,850,000
Debt Service - Interest	AT-9798.7	1,247,458	1,247,458
Total Expenditures and Other Financing Uses	AT-9999	\$ 49,983,879	\$ 48,983,879

(1) Rounding Difference

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

SCHEDULE OF INVESTED IN  
CAPITAL ASSETS, NET OF RELATED DEBT  
YEAR ENDED JUNE 30, 2011

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Capital Assets, net	\$ 26,515,242
Less -	
Bonds payable - Capital construction	<u>18,885,000</u>
Invested in Capital Assets, net of Related Debt	<u><u>\$ 7,630,242</u></u>



O'Connor Davies Munns & Dobbins, llp

ACCOUNTANTS AND CONSULTANTS

**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 of the  
Mount Pleasant Central School District, New York:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Mount Pleasant Central School District, New York ("School District") as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 13, 2011. 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

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered the 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 the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District'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 would not necessarily identify all deficiencies in internal control that might be 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.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

This report is intended solely for the information and use of the Board of Education, management 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. However, this report is a matter of public record and its distribution is not limited.

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**

Harrison, New York

September 13, 2011



O'Connor Davies Munns & Dobbins, llp  
ACCOUNTANTS AND CONSULTANTS

**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 of the  
Mount Pleasant Central School District, New York:

**Compliance**

We have audited the Mount Pleasant Central School District, New York'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 the School District's major federal programs for the year ended June 30, 2011. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the 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 the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

Management of the 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 the School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A *deficiency in internal control* 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 of the Board of Education, management, 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.

*O'Connor Davies Munns & Dobbins, LLP*

O'Connor Davies Munns & Dobbins, LLP  
Harrison, New York  
September 13, 2011

## MOUNT PLEASANT CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDING JUNE 30, 2011

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non- ARRA</u>	<u>ARRA (2)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education:				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	\$ 2,850	\$	\$ 2,850
National School Lunch Program - Commodities	10.555	17,507		17,507
National School Lunch Program - Cash	10.555	50,786		50,786
Total U.S. Department of Agriculture				<u>71,143</u>
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education:				
<i>Special Education - Cluster (IDEA):</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	406,604		406,604
Special Education - Preschool Grants (IDEA Preschool)	84.173	9,010		9,010
Special Education - Grants to States (IDEA, Part B), Recovery Act (ARRA)	84.391		213,129	213,129
Special Education - Preschool Grants (IDEA Preschool), Recovery Act (ARRA)	84.392		9,901	9,901
Subtotal Special Education Cluster				<u>638,644</u>
<i>State Fiscal Stabilization Fund:</i>				
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (ARRA)	84.394		212,223	212,223
Title I Grants - Local Educational Agencies	84.010	115,590		115,590
Improving Teacher Quality State Grants	84.367	67,287		67,287
Total U.S. Department of Education				<u>395,100</u>
Total		<u>\$ 669,634</u>	<u>\$ 435,253</u>	<u>\$ 1,104,887</u>

(1) Catalog of Federal Domestic Assistance number

(2) American Reinvestment and Recovery Act

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2011

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**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all Federal award programs for the year ended June 30, 2011. Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the Schedule.

2. *Basis of Accounting*

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

3. *Relationship to Financial Statements*

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

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011

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

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting {*unqualified, qualified, adverse, or disclaimer*}:

Internal control over financial reporting:

- Material weakness(es) identified ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☐ yes ☒ no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027  
84.173  
84.391  
84.392  
84.394

Special Education Cluster:  
Special Education – State Grants  
Special Education – Preschool Grants  
Special Education – State Grants - ARRA  
Special Education – Preschool Grants - ARRA  
State Fiscal Stabilization Fund (SFSF) - Education  
State Grants, Recovery Act

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Concluded)  
YEAR ENDED JUNE 30, 2011

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**Section II - Financial Statement Findings**

None

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

None

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2011

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None