

Mount Pleasant Central School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2013

Mount Pleasant Central School District, New York

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Independent Auditors' Report

**The Board of Education of the
Mount Pleasant Central School District, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Mount Pleasant Central School District, New York ("School District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2013, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

O'CONNOR DAVIES, LLP

500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | www.odpkf.com

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133 Audits of State, Local Governments and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2013 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
September 23, 2013

Mt. Pleasant Central School District, New York

Management's Discussion and Analysis (MD&A) June 30, 2013

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, 2013. 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, 2013 are as follows:

- At the end of the last fiscal year 2011-2012, the total fund balance of the General Fund was \$8,105,398 and the restricted fund balance was \$5,869,590, the assigned fund balance was \$198,418, and the unassigned fund balance was \$2,037,390. At the end of the current fiscal year the fund balance was \$8,711,113 and the restricted balance was \$6,217,091, the assigned fund balance was \$393,422, and the unassigned fund balance was \$2,100,600. 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, \$605,715, was primarily due to controlling expenditures while maintaining revenues. Expenditures overall were \$1.7 million less than the final budget.

There were significant savings as compared to budgeted appropriations in special education instruction, transportation, and employee benefits. 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. In transportation, we continued to redesign bus routes to create greater efficiency, which resulted in substantial savings in contract transportation and fuel costs. In employee benefits, we realized savings in teachers' retirement benefits and other miscellaneous employee fringe benefits costs.

Our revenues exceeded the anticipated amount due to an increase in tuition received from other districts. Several districts participate in a consortium with a reduced tuition rate. There were a greater number of students attending our programs in the current year from districts not participating in this consortium, therefore paying a higher tuition rate. As a result of controlling expenditures and increased revenues, the fund balance was significantly improved for the seventh year in a row, which in turn allowed the District to increase the reserves for future tax certiorari settlements.

- On the district-wide financial statements, the liabilities of the School District exceeded assets by \$1,451,270. Of this amount, the unrestricted portion is a deficit of \$17,632,438. 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, dental, etc. 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, 2013, the School District's OPEB obligations of \$11,969,919 are reflected as a liability on the district-wide financial statements, and accordingly were a major factor in the decrease in total net position.

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

As noted earlier, net position 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 \$1,451,270 at the close of the current fiscal year.

Net Position

	June 30,	
	2013	2012
Current Assets	\$ 13,156,133	\$ 12,210,077
Capital Assets, net	<u>26,120,915</u>	<u>26,159,559</u>
Total Assets	<u>39,277,048</u>	<u>38,369,636</u>
Current Liabilities	3,788,328	3,455,145
Long-term Liabilities	<u>36,939,990</u>	<u>37,028,726</u>
Total Liabilities	<u>40,728,318</u>	<u>40,483,871</u>
Net Position		
Net Investment in Capital Assets	9,680,946	8,492,332
Restricted for		
Capital Projects	361,852	386,957
Tax Certiorari	5,024,303	4,679,777
Debt service	544,210	542,853
Unemployment Benefits	167,052	166,635
Retirement Contribution	177,941	177,497
Special Purposes	54,917	55,180
School Lunch	169,947	130,110
Unrestricted	<u>(17,632,438)</u>	<u>(16,758,977)</u>
Total Net Position	<u>\$ (1,451,270)</u>	<u>\$ (2,127,636)</u>

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

Those assets subject to external restrictions constitute \$6,500,222 of the total net position. The balance of unrestricted net position, a deficit of (\$17,632,438) is related to financed tax certioraris and recognition of OPEB expenses in accordance with GASB Statement No. 45.

Changes in Net Position

	Year Ended June 30,	
	2013	2012
REVENUES		
Program Revenues		
Charges for Services	\$ 931,208	\$ 819,563
Operating Grants and Contributions	1,199,720	1,388,598
Capital Grants and Contributions	300,154	19,617
Total Program Revenues	2,431,082	2,227,778
General Revenues		
Real Property Taxes	39,509,054	38,528,609
Other Tax Items	5,730,349	5,578,366
Non-Property Taxes	629,191	617,419
Unrestricted Use of Money and Property	25,236	21,084
Sale of Property and Compensation for Loss	10,345	802
Unrestricted State Aid	4,159,947	4,221,772
Miscellaneous	268,784	278,772
Total General Revenues	50,332,906	49,246,824
Total Revenues	52,763,988	51,474,602
PROGRAM EXPENSES		
General Support	7,876,394	6,572,172
Instruction	40,618,014	40,778,634
Pupil Transportation	2,320,290	2,406,921
Community Services	21,027	12,889
Cost of Food Sales	402,768	431,713
Other	7,400	6,945
Interest	841,729	1,055,912
Total Expenses	52,087,622	51,265,186
Change in Net Position	676,366	209,416
Net Position - Beginning	(2,127,636)	(2,337,052)
Net Position - Ending	\$ (1,451,270)	\$ (2,127,636)

The major changes are as follows:

Revenues:

- Real property taxes increased by \$980,445. This was a result of a higher tax levy associated with the 2012-13 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.
- Program revenues increased \$203,304 over the prior year due to an increase in tuition received from other districts.

Expenses:

- General Support increased \$1,304,222 due to refunds of real property taxes from tax certiorari proceedings.
- Interest expense decreased due in part to the refunding of a bond in the current year.

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 \$8,711,113. The fund balance includes \$2,100,600 for the unassigned fund balance. The District has managed both 2012-13 budget revenues and expenditures (excluding certioraris) to be better than budgeted. For the 2012-13 fiscal year, revenues exceeded budgetary estimates by \$298,669 and expenditures were \$1,736,482 less than the final budget, inclusive of encumbrances of \$193,422. This budgetary control contributed to the increase in fund balance.

Capital Assets

At June 30, 2013, the School District had \$26,120,915 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,	
	2013	2012
Land	\$ 1,632,800	\$ 1,632,800
Improvements Other than Buildings	34,963	6,262
Buildings and Improvements	24,234,215	24,286,170
Machinery and Equipment	218,937	234,327
Total Capital Assets, net of Accumulated Depreciation	\$ 26,120,915	\$ 26,159,559

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, 2013, the School District has \$36,939,990 in general obligation and other debt outstanding, as follows:

	June 30,	
	2013	2012
Bonds Payable	\$ 24,631,145	\$ 26,516,633
Compensated Absences	338,926	342,409
Other Post Employment benefit Obligations Payable	11,969,919	10,169,684
	<u>\$ 36,939,990</u>	<u>\$ 37,028,726</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
Director of Business Administration
825 Westlake Drive
Thornwood, New York 10594

Mount Pleasant Central School District, New York

**Statement of Net Position
June 30, 2013**

ASSETS

Cash and equivalents	\$ 10,943,593
Receivables	
Accounts	426,385
State and Federal aid	1,332,601
Due from other governments	335,834
Inventories	1,544
Deferred charges	116,176
Capital assets	
Not being depreciated	1,915,297
Being depreciated, net	24,205,618
	<hr/>
Total Assets	39,277,048

LIABILITIES

Accounts payable	219,399
Accrued liabilities	119,316
Retainages payable	26,922
Due to other governments	114,579
Unearned revenues	174,884
Due to retirement systems	3,087,028
Accrued interest payable	46,200
Non-current liabilities	
Due within one year	2,179,000
Due in more than one year	34,760,990
	<hr/>
Total Liabilities	40,728,318

NET POSITION (DEFICIENCY)

Net invested in capital assets	9,680,946
Restricted	
Tax certiorari	5,024,303
Unemployment benefits	167,052
Debt service	544,210
Retirement contribution	177,941
Capital projects	361,852
School lunch	169,947
Special purposes	54,917
Unrestricted	(17,632,438)
	<hr/>
Total Net Deficiency	\$ (1,451,270)

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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 7,876,394	\$ 30,820	\$ 13,317	\$ 298,797	\$ (7,533,460)
Instruction	40,618,014	539,051	1,092,003	-	(38,986,960)
Pupil transportation	2,320,290	-	-	-	(2,320,290)
Community services	21,027	-	-	-	(21,027)
Cost of food sales	402,768	361,337	87,263	-	45,832
Other	7,400	-	7,137	-	(263)
Interest	841,729	-	-	1,357	(840,372)
Total Governmental Activities	\$ 52,087,622	\$ 931,208	\$ 1,199,720	\$ 300,154	(49,656,540)
General revenues					
Real property taxes					39,509,054
Other tax items					
Payments in lieu of taxes					3,946
School tax relief reimbursement					5,726,403
Non-property taxes					
Non-property tax distribution from County					629,191
Unrestricted use of money and property					25,236
Sale of property and compensation for loss					10,345
Unrestricted State aid					4,159,947
Miscellaneous					268,784
Total General Revenues					50,332,906
Change in Net Position					676,366
Net Position - Beginning of Year					(2,127,636)
Net Position - Ending					\$ (1,451,270)

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, 2013

	<u>General</u>	<u>Capital Projects</u>
ASSETS		
Cash and equivalents	\$ 10,667,315	\$ -
Receivables		
Accounts	419,727	-
State and Federal aid	359,777	313,039
Due from other governments	333,371	-
Due from other funds	538,425	77,110
Inventories	-	-
Total Assets	<u>\$ 12,318,615</u>	<u>\$ 390,149</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 196,253	\$ 1,375
Accrued liabilities	115,356	-
Retainages payable	-	26,922
Due to other governments	114,343	-
Due to other funds	77,110	-
Unearned revenues	17,412	-
Due to retirement systems	3,087,028	-
Total Liabilities	<u>3,607,502</u>	<u>28,297</u>
Fund balances		
Nonspendable	-	-
Restricted	6,217,091	361,852
Assigned	393,422	-
Unassigned	2,100,600	-
Total Fund Balances	<u>8,711,113</u>	<u>361,852</u>
Total Liabilities and Fund Balances	<u>\$ 12,318,615</u>	<u>\$ 390,149</u>

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

Special Aid	Other Governmental	Total Governmental Funds
\$ -	\$ 276,278	\$ 10,943,593
5,399	1,259	426,385
654,228	5,557	1,332,601
2,463	-	335,834
32,435	-	647,970
-	1,544	1,544
<u>\$ 694,525</u>	<u>\$ 284,638</u>	<u>\$ 13,687,927</u>

\$ 21,771	\$ -	\$ 219,399
3,960	-	119,316
-	-	26,922
-	236	114,579
518,182	52,678	647,970
150,612	6,860	174,884
-	-	3,087,028
<u>694,525</u>	<u>59,774</u>	<u>4,390,098</u>

-	1,544	1,544
-	54,917	6,633,860
-	168,403	561,825
-	-	2,100,600
-	224,864	9,297,829
<u>\$ 694,525</u>	<u>\$ 284,638</u>	<u>\$ 13,687,927</u>

Mount Pleasant Central School District, New York

**Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2013**

Fund Balances - Total Governmental Funds	<u>\$ 9,297,829</u>
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**Amounts Reported for Governmental Activities in the Statement of Net
Position are Different Because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>26,120,915</u>
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Governmental funds report the effects of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	<u>116,176</u>
Deferred charges	

Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(46,200)
Bonds payable	(24,631,145)
Compensated absences	(338,926)
Other post employment benefit obligations payable	<u>(11,969,919)</u>
	<u>(36,986,190)</u>

Net Position of Governmental Activities	<u><u>\$ (1,451,270)</u></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
Governmental Funds
Year Ended June 30, 2013

	General	Capital Projects	Special Aid
REVENUES			
Real property taxes	\$ 39,509,054	\$ -	\$ -
Other tax items	5,730,349	-	-
Non-property taxes	629,191	-	-
Charges for services	539,051	-	-
Use of money and property	70,730	-	-
Sale of property and compensation for loss	10,345	-	-
State aid	4,449,877	298,797	210,422
Federal aid	31,272	-	501,279
Food sales	-	-	-
Miscellaneous	270,784	-	57,100
Total Revenues	51,240,653	298,797	768,801
EXPENDITURES			
Current			
General support	6,180,852	-	-
Instruction	27,989,924	-	831,774
Pupil transportation	2,288,243	-	-
Community services	14,275	-	-
Employee benefits	10,900,852	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	2,050,000	-	-
Interest	847,819	-	-
Refunding bond issuance costs	-	102,528	-
Capital outlay	-	623,902	-
Total Expenditures	50,271,965	726,430	831,774
Excess (Deficiency) of Revenues Over Expenditures	968,688	(427,633)	(62,973)
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	6,305,000	-
Issuance premium	-	147,719	-
Payment to refunded bond escrow agent	-	(6,350,191)	-
Transfers in	-	300,000	62,973
Transfers out	(362,973)	-	-
Total Other Financing Sources (Uses)	(362,973)	402,528	62,973
Net Change in Fund Balances	605,715	(25,105)	-
Fund Balances - Beginning of Year	8,105,398	386,957	-
Fund Balances - End of Year	\$ 8,711,113	\$ 361,852	\$ -

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

<u>Other</u> <u>Governmental</u>	<u>Total</u> <u>Governmental</u>
\$ -	\$ 39,509,054
-	5,730,349
-	629,191
-	539,051
162	70,892
-	10,345
4,855	4,963,951
81,484	614,035
361,337	361,337
7,899	335,783
<u>455,737</u>	<u>52,763,988</u>
-	6,180,852
-	28,821,698
-	2,288,243
-	14,275
-	10,900,852
408,763	408,763
7,400	7,400
-	2,050,000
-	847,819
-	102,528
-	623,902
<u>416,163</u>	<u>52,246,332</u>
<u>39,574</u>	<u>517,656</u>
-	6,305,000
-	147,719
-	(6,350,191)
-	362,973
-	(362,973)
-	102,528
39,574	620,184
185,290	8,677,645
<u>\$ 224,864</u>	<u>\$ 9,297,829</u>

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, 2013

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

Net Change in Fund Balances - Total Governmental Funds	\$ 620,184
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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 outlay in the current period.

Capital outlay	629,897
Depreciation expense	(668,541)
	<u>(38,644)</u>

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

Refunding bonds issued	(6,305,000)
Issuance premium	(147,719)
Payment to refunded bond escrow agent	6,350,191
Principal paid on bonds	2,050,000
Amortization of issuance costs, premium and loss on refunding bonds	(74,213)
	<u>1,873,259</u>

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

Accrued interest	18,319
Compensated absences	3,483
Other post employment benefit obligations	(1,800,235)
	<u>(1,778,433)</u>

Change in Net Position of Governmental Activities	<u>\$ 676,366</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, 2013**

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 39,529,053	\$ 39,529,053	\$ 39,509,054	\$ (19,999)
Other tax items	5,726,403	5,726,403	5,730,349	3,946
Non-property taxes	600,000	600,000	629,191	29,191
Charges for services	320,000	326,984	539,051	212,067
Use of money and property	75,000	75,000	70,730	(4,270)
Sale of property and compensation for loss	5,500	5,500	10,345	4,845
State aid	4,480,000	4,480,000	4,449,877	(30,123)
Federal aid	20,000	20,000	31,272	11,272
Miscellaneous	179,044	179,044	270,784	91,740
Total Revenues	50,935,000	50,941,984	51,240,653	298,669
EXPENDITURES				
Current				
General support	4,964,536	6,614,587	6,180,852	433,735
Instruction	28,844,716	28,970,795	27,989,924	980,871
Pupil transportation	2,501,534	2,441,142	2,288,243	152,899
Community services	-	14,610	14,275	335
Employee benefits	11,521,200	11,262,803	10,900,852	361,951
Debt service				
Principal	1,985,000	2,050,000	2,050,000	-
Interest	966,432	847,932	847,819	113
Total Expenditures	50,783,418	52,201,869	50,271,965	1,929,904
Excess (Deficiency) of Revenues Over Expenditures	151,582	(1,259,885)	968,688	2,228,573
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(350,000)	(362,973)	(362,973)	-
Total Other Financing Sources (Uses)	(350,000)	(362,973)	(362,973)	-
Net Change in Fund Balances	(198,418)	(1,622,858)	605,715	2,228,573
Fund Balances - Beginning of Year	198,418	1,622,858	8,105,398	6,482,540
Fund Balances - End of Year	\$ -	\$ -	\$ 8,711,113	\$ 8,711,113

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
281,445	281,445	210,422	(71,023)
528,822	575,799	501,279	(74,520)
84,967	84,967	57,100	(27,867)
895,234	942,211	768,801	(173,410)
-	-	-	-
945,234	1,005,184	831,774	173,410
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
945,234	1,005,184	831,774	173,410
(50,000)	(62,973)	(62,973)	-
50,000	62,973	62,973	-
-	-	-	-
50,000	62,973	62,973	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Mount Pleasant Central School District, New York

**Statement of Assets and Liabilities
Fiduciary Fund
June 30, 2013**

	<u>Agency Fund</u>
ASSETS	
Cash and equivalents	<u>\$ 495,990</u>
LIABILITIES	
Accounts payable	\$ 411,828
Deposits	2,000
Student activity funds	<u>82,162</u>
 Total Liabilities	 <u>\$ 495,990</u>

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

C. Fund Financial Statements

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

Fund Categories

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

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

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

Mount Pleasant Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Special Revenue Funds - Special revenue funds are used to account for an report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The 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. The major revenues of this fund is food sales.

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 statements.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits 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, 2013.

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

Mount Pleasant Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2013, 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.

Deferred Charges - Deferred charges in government-wide financial statements represent the unamortized portion of the cost of issuance of bonds. These costs are being amortized over the term of the respective bond issue.

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

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

Land and construction-in-progress are not depreciated. Property, plant and equipment of the 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Unearned revenues in 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 \$17,412 for amounts received in advance for various programs in the General Fund, \$6,860 in the School Lunch Fund for prepaid lunch cards and \$150,612 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.

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

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

As of June 30, 2013, no amounts were required to be reported as deferred outflows/inflows of resources.

Long-Term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, 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 Position - Net position represent the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, investment in capital assets, 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 of the State of New York 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. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain designations established and approved by the Board of Education.

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. 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 and deferred inflows of resources, together with amounts

Note 1 - Summary of Significant Accounting Policies (Continued)

already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

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, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 23, 2013.

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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g) Budgets for General and Special Aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the 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 committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget.

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Property Tax Limitation

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

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.

C. Application of Accounting Standards

For the year ended June 30, 2013, the School District implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" ("GASB Statement No. 63"). This statement provides financial reporting guidance for these elements first introduced in GASB Concept Statement No. 4, "Elements of Financial Statements". Previous financial reporting standards did not include guidance for reporting these financial statement elements, which are distinct from assets and liabilities.

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, 2013 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 538,425	\$ 77,110
Capital Projects	77,110	-
Special Aid	32,435	518,182
Other Governmental	-	52,678
	<u>\$ 647,970</u>	<u>\$ 647,970</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.

Mount Pleasant Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2013

Note 3 - Detailed Notes on All Funds (Continued)

B. Capital Assets

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

Class	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital Assets, not being depreciated:				
Land	\$ 1,632,800	\$ -	\$ -	\$ 1,632,800
Construction in Progress	281,470	1,027		282,497
Total Capital Assets, not being depreciated	<u>\$ 1,914,270</u>	<u>\$ 1,027</u>		<u>\$ 1,915,297</u>
Capital Assets, being depreciated:				
Improvements Other than Buildings	\$ 717,074	\$ 41,727	\$ 5,814	\$ 752,987
Buildings and Improvements	33,780,142	434,376	-	34,214,518
Machinery and Equipment	871,164	152,767	213,021	810,910
Total Capital Assets, being depreciated	<u>35,368,380</u>	<u>628,870</u>	<u>218,835</u>	<u>35,778,415</u>
Less Accumulated Depreciation for:				
Improvements Other than Buildings	710,811	13,027	5,814	718,024
Buildings and Improvements	9,775,444	487,356	-	10,262,800
Machinery and Equipment	636,836	168,158	213,021	591,973
Total Accumulated Depreciation	<u>11,123,091</u>	<u>668,541</u>	<u>218,835</u>	<u>11,572,797</u>
Total Capital Assets, being depreciated, net	<u>\$ 24,245,289</u>	<u>\$ (39,671)</u>	<u>\$ -</u>	<u>\$ 24,205,618</u>
Capital Assets, net	<u>\$ 26,159,559</u>	<u>\$ (38,644)</u>	<u>\$ -</u>	<u>\$ 26,120,915</u>

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

General Support	\$ 614,634
Instruction	51,039
Cost of food sales	<u>2,868</u>
Total Depreciation Expense	<u>\$ 668,541</u>

C. Accrued Liabilities

Accrued liabilities at June 30, 2013 were as follows:

Payroll and Employee Benefits	<u>\$ 119,316</u>
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Mount Pleasant Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2013

Note 3 - Detailed Notes on All Funds (Continued)

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, 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 and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to 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 2013 are as follows:

<u>ERS</u>		<u>TRS</u>	
<u>Tier/Plan</u>	<u>Rate</u>	<u>Tiers</u>	<u>Rate</u>
1 75I	25.4%	1-6	11.1%
3 A14	18.7		
4 A15	18.7		
5 A15	15.2		

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

	<u>ERS</u>	<u>TRS</u>
2013	\$ 653,343	\$ 2,683,444
2012	568,997	2,549,109
2011	230,521	1,455,146

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.

Mount Pleasant Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2013

Note 3 - Detailed Notes on All Funds (Continued)

E. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2013:

	Balance July 1, 2011	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2013	Due Within One-Year
Bonds Payable - Tax Certiorari	\$ 8,725,000	\$ -	\$ 650,000	\$ 8,075,000	\$ 675,000
Bonds Payable - Construction	18,260,000	6,305,000	7,185,000	17,380,000	1,470,000
Add - Deferred amounts on on refunding	(468,367)	(417,472)	61,984	(823,855)	-
	<u>26,516,633</u>	<u>5,887,528</u>	<u>7,896,984</u>	<u>24,631,145</u>	<u>2,145,000</u>
Other Non-Current Liabilities:					
Compensated Absences	342,409	30,517	34,000	338,926	34,000
Other Post Employment Benefit Obligations Payable	10,169,684	3,533,158	1,732,923	11,969,919	-
	<u>10,512,093</u>	<u>3,563,675</u>	<u>1,766,923</u>	<u>12,308,845</u>	<u>34,000</u>
Total Long-Term Liabilities	<u>\$ 37,028,726</u>	<u>\$ 9,451,203</u>	<u>\$ 9,663,907</u>	<u>\$ 36,939,990</u>	<u>\$ 2,179,000</u>

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

Bonds Payable

Bonds payable at June 30, 2013 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2013
Tax Certiorari Refunds	2004	\$ 453,651	June, 2014	4.500 %	\$ 50,000
Building Construction	2005	10,155,000	May, 2025	4.000-4.250	1,020,000
Building Construction	2005	10,000,000	June, 2024	4.250-4.625	460,000
Building Construction	2006	4,740,000	December, 2019	3.650-3.700	2,660,000
Tax Certiorari Refunds	2006	861,000	June, 2015	4.000	225,000
Tax Certiorari Refunds	2008	7,655,819	June, 2027	4.250-4.375	6,210,000
Tax Certiorari Refunds	2008	1,027,110	June, 2015	4.250-4.500	465,000
Tax Certiorari Refunds	2010	1,350,000	June, 2025	3.250-4.000	1,125,000
Refunding Bonds - Construction	2012	7,145,000	June, 2025	0.300-2.250	7,000,000
Refunding Bonds - Construction	2013	6,305,000	June, 2025	2.000-3.000	6,240,000
					<u>\$ 25,455,000</u>

Interest expenditures of \$847,819 were recorded in the fund financial statements in the General Fund. Interest expense of \$841,729 was recorded in the district-wide financial statements.

Mount Pleasant Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2013

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all outstanding bonded debt as of June 30, 2013 including interest payments of \$4,922,378 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,145,000	\$ 761,080	\$ 2,906,080
2015	2,170,000	677,577	2,847,577
2016	2,125,000	603,964	2,728,964
2017	2,190,000	543,181	2,733,181
2018	2,125,000	480,142	2,605,142
2019-2023	9,880,000	1,527,534	11,407,534
2024-2027	4,820,000	328,900	5,148,900
	<u>\$ 25,455,000</u>	<u>\$ 4,922,378</u>	<u>\$ 30,377,378</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.

Advance Refunding

During the current fiscal year, the School District issued \$6,305,000 in serial bonds with interest rates ranging from 2.0% to 3.0%, depending on maturity. The proceeds were used to advance refund \$5,785,000 of outstanding 2005 serial bonds bearing interest at rates ranging from 4.00% to 4.25%. The net proceeds of \$6,350,191 (net of a \$147,719 re-offering premium and after payment of \$102,528 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 serial bonds. As a result, the 2005 serial bonds are considered defeased and the liability for those serial bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$565,191 and the premium received was \$147,719. These amounts are being netted against the new debt and amortized over the remaining life of the refunded debt.

The District advance refunded the 2005 serial bonds to reduce its total debt service payments over 13 years by \$451,114 and to obtain a net present value economic gain of \$412,005.

As of June 30, 2013, the defeased bonds outstanding were \$5,785,000.

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

Note 3 - Detailed Notes on All Funds (Continued)

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'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:

<u>Year Ended June 30,</u>	<u>Cost Trend Rate</u>
2014	4.62 %
2015	7.35
2016	5.01
2017	5.78
2018	5.79
2019+	4.24-6.10

Mount Pleasant Central School District, New York**Notes to Financial Statements (Continued)****June 30, 2013****Note 3 - Detailed Notes on All Funds (Continued)**

The amortization basis is the level dollar method with a closed amortization approach with 26 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, 2013 was as follows:

Active Employees	254
Retired Employees	146
Total	400

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2012	\$ 43,224,750
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	\$ 43,224,750
Funded Ratio	0.00%
Covered Payroll (active plan members)	\$ 24,821,455
UAAL as a Percentage of Covered Payroll	174.14%
Annual Required Contribution	\$ 3,405,575
Interest on Net OPEB Obligation	508,484
Annual Required Contribution Adjustment	(380,901)
Annual OPEB Cost	3,533,158
Contributions Made	(1,732,923)
Increase in Net OPEB Obligation	1,800,235
Net OPEB Obligation - Beginning of Year	10,169,684
Net OPEB Obligation - End of Year	\$ 11,969,919

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:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 3,805,015	39.3 %	\$ 7,715,237
2012	4,065,611	39.6	10,169,684
2013	3,533,158	49.0	11,969,919

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

Mount Pleasant Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2013

Note 3 - Detailed Notes on All Funds (Continued)

the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

F. Revenues and Expenditures

Interfund Transfers

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

Transfers Out	Transfers In		Total
	Capital Projects Fund	Special Aid Fund	
General Fund	\$ 300,000	\$ 62,973	\$ 362,973

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

G. Net Position

The components of net position are detailed below:

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

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

Restricted for Unemployment Benefits - the component of net position 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 position 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 position 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 position that reports the amounts restricted for capital projects, less unexpended bond proceeds and unrestricted interest earnings.

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

Notes to Financial Statements (Continued)
June 30, 2013

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	2012				2011			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable Inventories	\$ -	\$ -	\$ 1,544	\$ 1,544	\$ -	\$ -	\$ 276	\$ 276
Restricted:								
Tax certiorari	5,024,303	-	-	5,024,303	4,679,777	-	-	4,679,777
Employee benefit accrued liability	303,585	-	-	303,585	302,828	-	-	302,828
Unemployment benefits	167,052	-	-	167,052	166,635	-	-	166,635
Retirement contribution	177,941	-	-	177,941	177,497	-	-	177,497
Capital Projects	-	361,852	-	361,852	-	386,957	-	386,957
Debt service	544,210	-	-	544,210	542,853	-	-	542,853
Special purposes	-	-	54,917	54,917	-	-	55,180	55,180
Total Restricted	6,217,091	361,852	54,917	6,633,860	5,869,590	386,957	55,180	6,311,727
Assigned								
Purchases on order								
General government support	159,030	-	-	159,030	86,715	-	-	86,715
Instruction	34,392	-	-	34,392	111,703	-	-	111,703
	193,422	-	-	193,422	198,418	-	-	198,418
Subsequent year's expenditures	200,000	-	-	200,000	-	-	-	-
School Lunch Fund	-	-	168,403	168,403	-	-	129,834	129,834
Total Assigned	393,422	-	168,403	561,825	198,418	-	129,834	328,252
Unassigned	2,100,600	-	-	2,100,600	2,037,390	-	-	2,037,390
Total Fund Balances	\$ 8,711,113	\$ 361,852	\$ 224,864	\$ 9,297,829	\$ 8,105,398	\$ 386,957	\$ 185,290	\$ 8,677,645

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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.

Subsequent year's expenditures represent that at June 30, 2013, the School Board 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.

Mount Pleasant Central School District, New York

Required Supplementary Information - Schedule of Funding Progress Other Post Employment Benefits Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2010	\$ -	\$ 44,506,537	\$ 44,506,537	- %	24,102,220	184.66 %
July 1, 2011	-	47,374,388	47,374,388	-	23,590,825	200.82
July 1, 2012	-	43,224,750	43,224,750	-	24,821,455	174.14

Mount Pleasant Central School District, New York

**General Fund
Comparative Balance Sheet
June 30,**

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	<u>\$ 10,667,315</u>	<u>\$ 10,363,003</u>
Receivables		
Accounts	419,727	18,758
State and Federal aid	359,777	385,890
Due from other governments	333,371	332,009
Due from other funds	<u>538,425</u>	<u>723,651</u>
	<u>1,651,300</u>	<u>1,460,308</u>
Total Assets	<u><u>\$ 12,318,615</u></u>	<u><u>\$ 11,823,311</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 196,253	\$ 199,897
Accrued liabilities	115,356	134,143
Due to other governments	114,343	-
Due to other funds	77,110	412,170
Unearned revenues	17,412	8,070
Due to retirement systems	<u>3,087,028</u>	<u>2,963,633</u>
Total Liabilities	<u>3,607,502</u>	<u>3,717,913</u>
Fund balance		
Restricted	6,217,091	5,869,590
Assigned	393,422	198,418
Unassigned	<u>2,100,600</u>	<u>2,037,390</u>
Total Fund Balance	<u>8,711,113</u>	<u>8,105,398</u>
Total Liabilities and Fund Balance	<u><u>\$ 12,318,615</u></u>	<u><u>\$ 11,823,311</u></u>

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,**

	2013				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbrances	
REVENUES					
Real property taxes	\$ 39,529,053	\$ 39,529,053	\$ 39,509,054	\$	\$ (19,999)
Other tax items	5,726,403	5,726,403	5,730,349		3,946
Non-property taxes	600,000	600,000	629,191		29,191
Charges for services	320,000	326,984	539,051		212,067
Use of money and property	75,000	75,000	70,730		(4,270)
Sale of property and compensation for loss	5,500	5,500	10,345		4,845
State aid	4,480,000	4,480,000	4,449,877		(30,123)
Federal aid	20,000	20,000	31,272		11,272
Miscellaneous	179,044	179,044	270,784		91,740
Total Revenues	50,935,000	50,941,984	51,240,653		298,669
EXPENDITURES					
Current					
General support					
Board of education	129,343	132,821	119,054	48	13,719
Central administration	350,954	356,704	351,901	-	4,803
Finance	528,470	531,941	487,145	96	44,700
Staff	347,539	417,539	392,282	-	25,257
Central services	3,076,130	3,204,777	2,871,731	158,886	174,160
Special items	532,100	1,970,805	1,958,739	-	12,066
Total General Support	4,964,536	6,614,587	6,180,852	159,030	274,705
Instruction					
Instruction, administration and improvement	1,891,557	1,983,359	1,823,843	7,649	151,867
Teaching - Regular school	15,330,964	15,409,319	15,223,190	2,835	183,294
Programs for children with handicapping conditions	7,456,464	7,274,094	6,889,809	2,780	381,505
Occupational education	242,922	242,922	187,550	-	55,372
Teaching - Special school	45,000	47,430	47,430	-	-
Instructional media	1,141,595	1,159,368	1,107,256	19,627	32,485
Pupil services	2,736,214	2,854,303	2,710,846	1,501	141,956
Total Instruction	28,844,716	28,970,795	27,989,924	34,392	946,479
Pupil transportation	2,501,534	2,441,142	2,288,243	-	152,899
Community services	-	14,610	14,275	-	335
Employee benefits	11,521,200	11,262,803	10,900,852	-	361,951
Debt service					
Principal	1,985,000	2,050,000	2,050,000	-	-
Interest	966,432	847,932	847,819	-	113
Total Expenditures	50,783,418	52,201,869	50,271,965	193,422	1,736,482
Excess (Deficiency) of Revenues Over Expenditures	151,582	(1,259,885)	968,688	(193,422)	2,035,151
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(350,000)	(362,973)	(362,973)	-	-
Total Other Financing Uses	(350,000)	(362,973)	(362,973)	-	-
Net Change in Fund Balance	(198,418)	(1,622,858)	605,715	\$ (193,422)	\$ 2,035,151
Fund Balance - Beginning of Year	198,418	1,622,858	8,105,398		
Fund Balance - End of Year	\$ -	\$ -	\$ 8,711,113		

2012				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 38,606,134	\$ 38,606,134	\$ 38,528,609	\$	\$ (77,525)
5,578,366	5,578,366	5,578,366		-
600,000	600,000	617,419		17,419
270,000	270,000	435,732		165,732
100,000	100,000	68,336		(31,664)
5,500	5,500	802		(4,698)
4,600,000	4,600,000	4,519,264		(80,736)
10,000	10,000	42,699		32,699
255,000	255,000	336,354		81,354
<u>50,025,000</u>	<u>50,025,000</u>	<u>50,127,581</u>		<u>102,581</u>
114,860	125,953	119,753	3,021	3,179
322,044	361,985	352,809	-	9,176
514,678	524,168	504,538	4,082	15,548
357,450	370,403	296,417	2,419	71,567
3,082,282	2,919,174	2,672,413	77,193	169,568
617,000	1,803,725	1,095,663	-	708,062
<u>5,008,314</u>	<u>6,105,408</u>	<u>5,041,593</u>	<u>86,715</u>	<u>977,100</u>
1,668,725	1,847,465	1,760,488	-	86,977
16,452,078	16,154,445	15,952,762	27,020	174,663
7,137,222	6,478,880	6,267,073	2,562	209,245
507,920	503,920	359,459	-	144,461
45,000	46,410	46,410	-	-
854,931	1,000,123	890,920	78,356	30,847
2,836,131	2,923,529	2,825,310	3,765	94,454
<u>29,502,007</u>	<u>28,954,772</u>	<u>28,102,422</u>	<u>111,703</u>	<u>740,647</u>
2,603,664	2,550,092	2,406,921	-	143,171
-	13,100	12,889	-	-
10,787,700	10,278,313	10,129,453	-	148,860
1,860,000	1,915,038	1,915,000	-	38
1,213,433	1,158,395	1,060,573	-	97,822
<u>50,975,118</u>	<u>50,975,118</u>	<u>48,668,851</u>	<u>198,418</u>	<u>2,107,638</u>
<u>(950,118)</u>	<u>(950,118)</u>	<u>1,458,730</u>	<u>(198,418)</u>	<u>2,210,219</u>
100,000	100,000	100,000	-	-
(430,000)	(430,000)	(352,110)	-	77,890
(330,000)	(330,000)	(252,110)	-	77,890
(1,280,118)	(1,280,118)	1,206,620	\$ (198,418)	\$ 2,288,109
<u>1,280,118</u>	<u>1,280,118</u>	<u>6,898,778</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,105,398</u>		

Mount Pleasant Central School District, New York

General Fund

Schedule of Revenues Compared to Budget

Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 39,529,053	\$ 39,529,053	\$ 39,509,054	\$ (19,999)
OTHER TAX ITEMS				
School tax relief reimbursement	5,726,403	5,726,403	5,726,403	-
Payments in lieu of taxes	-	-	3,946	3,946
	5,726,403	5,726,403	5,730,349	3,946
NON-PROPERTY TAXES	600,000	600,000	629,191	29,191
Non-property tax distribution from County				
CHARGES FOR SERVICES				
Other student fees and charges	45,000	51,984	111,468	59,484
Day school tuition - Other districts	250,000	250,000	402,029	152,029
Other charges - Other governments	25,000	25,000	25,554	554
	320,000	326,984	539,051	212,067
USE OF MONEY AND PROPERTY				
Earnings on investments	50,000	50,000	39,910	(10,090)
Rental of real property - Individuals	25,000	25,000	30,820	5,820
	75,000	75,000	70,730	(4,270)

SALE OF PROPERTY AND COMPENSATION FOR LOSS

Insurance recoveries	5,000	5,000	9,862	4,862
Other	500	500	483	(17)
	<u>5,500</u>	<u>5,500</u>	<u>10,345</u>	<u>4,845</u>
STATE AID				
Basic formula	3,495,000	3,495,000	3,500,114	5,114
Textbook aid	122,000	122,000	115,258	(6,742)
Lottery aid	150,000	150,000	154,241	4,241
Computer software aid	30,000	30,000	29,616	(384)
Library aid	13,000	13,000	12,356	(644)
Tuition aid	135,000	135,000	132,700	(2,300)
BOCES aid	535,000	535,000	477,099	(57,901)
Tax limitation aid	-	-	28,493	28,493
	<u>4,480,000</u>	<u>4,480,000</u>	<u>4,449,877</u>	<u>(30,123)</u>
FEDERAL AID				
Medical assistance	20,000	20,000	31,272	11,272
	<u>20,000</u>	<u>20,000</u>	<u>31,272</u>	<u>11,272</u>
MISCELLANEOUS				
Refund of prior year's expenditures	30,000	30,000	126,825	96,825
Refund of BOCES aided services	100,000	100,000	97,590	(2,410)
Gifts and donations	-	-	2,000	2,000
Other	49,044	49,044	44,369	(4,675)
	<u>179,044</u>	<u>179,044</u>	<u>270,784</u>	<u>91,740</u>
TOTAL REVENUES	<u>\$ 50,935,000</u>	<u>\$ 50,941,984</u>	<u>\$ 51,240,653</u>	<u>\$ 298,669</u>

Mount Pleasant Central School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 34,422	\$ 37,899	\$ 33,128	\$ -	\$ 4,771
District clerk	74,921	78,174	76,574	48	1,552
District meeting	20,000	16,748	9,352	-	7,396
Total Board of Education	129,343	132,821	119,054	48	13,719
CENTRAL ADMINISTRATION					
Chief school administrator	350,954	356,704	351,901	-	4,803
FINANCE					
Business administration	360,710	364,181	330,013	96	34,072
Auditing	69,500	67,575	58,001	-	9,574
Treasurer	98,260	100,185	99,131	-	1,054
Total Finance	528,470	531,941	487,145	96	44,700
STAFF					
Legal	177,700	245,733	244,103	-	1,630
Personnel	106,320	108,287	94,513	-	13,774
Public information and services	63,519	63,519	53,666	-	9,853
Total Staff	347,539	417,539	392,282	-	25,257
CENTRAL SERVICES					
Operation of plant	2,171,446	2,335,543	2,108,670	119,603	107,270
Central data processing	242,660	252,660	252,645	-	15
Maintenance of plant	662,024	616,574	510,416	39,283	66,875
Total Central Services	3,076,130	3,204,777	2,871,731	158,886	174,160

SPECIAL ITEMS

Unallocated insurance
Taxes and assessments on school property
Refunds of real property taxes
Administrative charge - BOCES

203,000	203,001	196,487	-	6,514
145,000	145,000	139,472	-	5,528
-	1,438,704	1,438,704	-	-
184,100	184,100	184,076	-	24
532,100	1,970,805	1,958,739	-	12,066
4,964,536	6,614,587	6,180,852	159,030	274,705

Total Special Items

Total General Support

INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision
Supervision - Regular school

440,258	455,039	320,057	7,649	127,333
1,451,299	1,528,320	1,503,786	-	24,534
1,891,557	1,983,359	1,823,843	7,649	151,867
15,330,964	15,409,319	15,223,190	2,835	183,294

Total Instruction, Administration and Improvement

TEACHING - REGULAR SCHOOL

PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS
Programs for students with disabilities

7,456,464	7,274,094	6,889,809	2,780	381,505
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TEACHING - SPECIAL SCHOOLS

45,000	47,430	47,430	-	-
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OCCUPATIONAL EDUCATION

242,922	242,922	187,550	-	55,372
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INSTRUCTIONAL MEDIA

School library and audiovisual
Computer assisted instruction

364,824	388,223	367,267	19,625	1,331
776,771	771,145	739,989	2	31,154
1,141,595	1,159,368	1,107,256	19,627	32,485

Total Instructional Media

(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, 2013

INSTRUCTION (Continued)	Original Budget	\$	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
PUPIL SERVICES						
Guidance - Regular school	\$ 811,146	\$	827,226	\$ 817,603	\$ -	\$ 9,623
Attendance - Regular school	-		3,000	2,986	-	14
Health services - Regular school	419,050		429,585	402,128	329	27,128
Psychological services - Regular school	409,648		411,296	393,033	-	18,263
Social work services - Regular school	102,887		102,887	102,887	-	-
Co-curricular activities - Regular school	221,036		253,774	193,195	-	60,579
Interscholastic activities - Regular school	772,447		826,535	799,014	1,172	26,349
Total Pupil Services	2,736,214		2,854,303	2,710,846	1,501	141,956
Total Instruction	28,844,716		28,970,795	27,989,924	34,392	946,479
PUPIL TRANSPORTATION						
District transportation	67,018		70,168	69,938	-	230
Contract transportation	2,434,516		2,370,974	2,218,305	-	152,669
Total Pupil Transportation	2,501,534		2,441,142	2,288,243	-	152,899
COMMUNITY SERVICES						
Recreation	-		14,610	14,275	-	335
EMPLOYEE BENEFITS						
State retirement	675,000		663,900	653,343	-	10,557
Teachers' retirement	2,790,000		2,790,000	2,683,444	-	106,556
Social security	2,035,000		2,005,600	1,929,846	-	75,754
Workers' compensation benefits	147,000		147,000	146,901	-	99
Hospital, medical and dental insurance	4,895,000		4,906,400	4,791,719	-	114,681
Union welfare benefits	450,000		433,000	422,365	-	10,635
Unemployment benefits	200,000		89,000	53,573	-	35,427
Employee benefit fund	329,200		227,903	219,661	-	8,242
Total Employee Benefits	11,521,200		11,262,803	10,900,852	-	361,951

DEBT SERVICE

Principal					
Serial bonds	1,985,000	2,050,000	2,050,000	-	-
Interest					
Serial bonds	946,432	847,932	847,819	-	113
Tax anticipation notes	20,000	-	-	-	-
	966,432	847,932	847,819	-	113
Total Debt Service	2,951,432	2,897,932	2,897,819	-	113
TOTAL EXPENDITURES	50,783,418	52,201,869	50,271,965	193,422	1,736,482
OTHER FINANCING USES					
Transfers out					
Special Aid Fund	50,000	62,973	62,973	-	-
Capital Projects Fund	300,000	300,000	300,000	-	-
	350,000	362,973	362,973	-	-
TOTAL OTHER FINANCING USES					
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 51,133,418	\$ 52,564,842	\$ 50,634,938	\$ 193,422	\$ 1,736,482

Mount Pleasant Central School District, New York**Capital Projects Fund
Comparative Balance Sheet
June 30,**

	<u>2013</u>	<u>2012</u>
ASSETS		
Receivables		
State and Federal aid	\$ 313,039	\$ 14,242
Due from other funds	77,110	393,107
Total Assets	<u>\$ 390,149</u>	<u>\$ 407,349</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,375	\$ 6,992
Retainages payable	26,922	13,400
Total Liabilities	28,297	20,392
Fund balance		
Restricted	361,852	386,957
Total Liabilities and Fund Balance	<u>\$ 390,149</u>	<u>\$ 407,349</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,**

	<u>2013</u>	<u>2012</u>
REVENUES		
State aid	<u>\$ 298,797</u>	<u>\$ 14,242</u>
EXPENDITURES		
Debt service		
Refunding bond issuance costs	102,528	134,520
Capital outlay	<u>623,902</u>	<u>297,584</u>
Total Expenditures	<u>726,430</u>	<u>432,104</u>
Deficiency of Revenues Over Expenditures	<u>(427,633)</u>	<u>(417,862)</u>
OTHER FINANCING SOURCES (USES)		
Refunding bonds issued	6,305,000	7,145,000
Issuance premium	147,719	190,004
Payment to refunded bond escrow agent	(6,350,191)	(7,200,484)
Transfers in	300,000	300,000
Transfers out	<u>-</u>	<u>(100,000)</u>
Total Other Financing Sources	<u>402,528</u>	<u>334,520</u>
Net Change in Fund Balance	(25,105)	(83,342)
Fund Balance - Beginning of Year	<u>386,957</u>	<u>470,299</u>
Fund Balance - End of Year	<u>\$ 361,852</u>	<u>\$ 386,957</u>

Mount Pleasant Central School District, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2013

Project	Authoriza- tion	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
District-Wide Construction 2009-2010	\$ 284,852	\$ 4,122	\$ 265,654	\$ 269,776
Security District-Wide	376,000	14,242	357,221	371,463
Roof Project	400,000	297,977	1,027	299,004
Oil Tank Replacement	253,775	-	-	-
Totals	<u>\$ 1,314,627</u>	<u>\$ 316,341</u>	<u>\$ 623,902</u>	<u>\$ 940,243</u>

Unexpended Balance	Methods of Financing			Fund Balance at June 30, 2013
	Interfund Transfers	State Aid	Totals	
\$ 15,076	\$ 284,852	\$ -	\$ 284,852	\$ 15,076
4,537	58,424	313,039	371,463	-
100,996	392,005	-	392,005	93,001
253,775	253,775	-	253,775	253,775
<u>\$ 374,384</u>	<u>\$ 989,056</u>	<u>\$ 313,039</u>	<u>\$ 1,302,095</u>	<u>\$ 361,852</u>

Mount Pleasant Central School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
Receivables		
Accounts	\$ 5,399	\$ -
State and Federal aid	654,228	795,068
Due from other governments	2,463	-
Due from other funds	<u>32,435</u>	<u>36,605</u>
 Total Assets	 <u>\$ 694,525</u>	 <u>\$ 831,673</u>
 LIABILITIES		
Accounts payable	\$ 21,771	\$ 21,418
Accrued liabilities	3,960	3,125
Due to other funds	518,182	760,256
Unearned revenues	<u>150,612</u>	<u>46,874</u>
 Total Liabilities	 <u>\$ 694,525</u>	 <u>\$ 831,673</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,****2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
State aid	\$ 281,445	\$ 281,445	\$ 210,422	\$ (71,023)
Federal aid	528,822	575,799	501,279	(74,520)
Other	84,967	84,967	57,100	(27,867)
Total Revenues	895,234	942,211	768,801	(173,410)
EXPENDITURES				
Current				
Instruction	945,234	1,005,184	831,774	173,410
Deficiency of Revenues Over Expenditures	(50,000)	(62,973)	(62,973)	-
OTHER FINANCING SOURCES				
Transfers in	50,000	62,973	62,973	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

2012

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 120,000	\$ 129,026	\$ 129,026	\$ -
778,785	772,383	681,502	(90,881)
24,773	87,352	63,873	(23,479)
923,558	988,761	874,401	(114,360)
1,053,558	1,118,761	926,511	192,250
(130,000)	(130,000)	(52,110)	77,890
130,000	130,000	52,110	(77,890)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Mount Pleasant Central School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013
(With Comparative Totals for 2012)

			Total Non-Major Governmental Funds	
	School Lunch	Special Purpose	2013	2012
ASSETS				
Cash and equivalents	\$ 220,811	\$ 55,467	\$ 276,278	\$ 168,911
Receivables				
Accounts	1,259	-	1,259	998
State and Federal aid	5,557	-	5,557	2,517
Due from other funds	-	-	-	19,063
Inventories	1,544	-	1,544	276
Total Assets	<u>\$ 229,171</u>	<u>\$ 55,467</u>	<u>\$ 284,638</u>	<u>\$ 191,765</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,307
Due to other governments	236	-	236	246
Due to other funds	52,128	550	52,678	-
Unearned revenues	6,860	-	6,860	3,922
Total Liabilities	<u>59,224</u>	<u>550</u>	<u>59,774</u>	<u>6,475</u>
Fund balances				
Nonspendable	1,544	-	1,544	276
Restricted	-	54,917	54,917	55,180
Assigned	168,403	-	168,403	129,834
Total Fund Balances	<u>169,947</u>	<u>54,917</u>	<u>224,864</u>	<u>185,290</u>
Total Liabilities and Fund Balances	<u>\$ 229,171</u>	<u>\$ 55,467</u>	<u>\$ 284,638</u>	<u>\$ 191,765</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, 2013****(With Comparative Totals for 2012)**

	<u>School Lunch</u>	<u>Special Purpose</u>	<u>Total Non-Major Governmental Funds</u>	
			<u>2013</u>	<u>2012</u>
REVENUES				
Use of money and property	\$ 124	\$ 38	\$ 162	\$ 142
State aid	4,855	-	4,855	5,173
Federal aid	81,484	-	81,484	76,018
Food sales	361,337	-	361,337	372,235
Miscellaneous	800	7,099	7,899	4,810
	<u>448,600</u>	<u>7,137</u>	<u>455,737</u>	<u>458,378</u>
Total Revenues				
	<u>448,600</u>	<u>7,137</u>	<u>455,737</u>	<u>458,378</u>
EXPENDITURES				
Current				
Cost of food sales	408,763	-	408,763	443,966
Other	-	7,400	7,400	6,945
	<u>408,763</u>	<u>7,400</u>	<u>416,163</u>	<u>450,911</u>
Total Expenditures				
	<u>408,763</u>	<u>7,400</u>	<u>416,163</u>	<u>450,911</u>
Excess (Deficiency) of Revenues Over Expenditures				
	39,837	(263)	39,574	7,467
Fund Balances - Beginning of Year				
	<u>130,110</u>	<u>55,180</u>	<u>185,290</u>	<u>177,823</u>
Fund Balances - End of Year				
	<u>\$ 169,947</u>	<u>\$ 54,917</u>	<u>\$ 224,864</u>	<u>\$ 185,290</u>

Mount Pleasant Central School District, New York**School Lunch Fund
Comparative Balance Sheet
June 30,**

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 220,811	\$ 113,731
Receivables		
Accounts	1,259	998
State and Federal aid	5,557	2,517
Due from other funds	-	19,063
Inventories	<u>1,544</u>	<u>276</u>
 Total Assets	 <u>\$ 229,171</u>	 <u>\$ 136,585</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 2,307
Due to other governments	236	246
Due to other funds	52,128	-
Unearned revenues	<u>6,860</u>	<u>3,922</u>
 Total Liabilities	 <u>59,224</u>	 <u>6,475</u>
 Fund balance		
Nonspendable	1,544	276
Assigned	<u>168,403</u>	<u>129,834</u>
 Total Fund Balance	 <u>169,947</u>	 <u>130,110</u>
 Total Liabilities and Fund Balance	 <u>\$ 229,171</u>	 <u>\$ 136,585</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,**

	<u>2013</u>	<u>2012</u>
REVENUES		
Use of money and property	\$ 124	\$ 105
State aid	4,855	5,173
Federal aid	81,484	76,018
Food sales	361,337	372,235
Miscellaneous	<u>800</u>	<u>-</u>
Total Revenues	448,600	453,531
EXPENDITURES		
Current		
Cost of food sales	<u>408,763</u>	<u>443,966</u>
Excess of Revenues Over Expenditures	39,837	9,565
Fund Balance - Beginning of Year	<u>130,110</u>	<u>120,545</u>
Fund Balance - End of Year	<u>\$ 169,947</u>	<u>\$ 130,110</u>

Mount Pleasant Central School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	<u>\$ 55,467</u>	<u>\$ 55,180</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ 550	\$ -
Fund balance		
Restricted	<u>54,917</u>	<u>55,180</u>
Total Liabilities and Fund Balance	<u>\$ 55,467</u>	<u>\$ 55,180</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,

	<u>2013</u>	<u>2012</u>
REVENUES		
Use of money and property	\$ 38	\$ 37
Miscellaneous	<u>7,099</u>	<u>4,810</u>
Total Revenues	7,137	4,847
EXPENDITURES		
Current		
Other	<u>7,400</u>	<u>6,945</u>
Deficiency of Revenues Over Expenditures	(263)	(2,098)
Fund Balance - Beginning of Year	<u>55,180</u>	<u>57,278</u>
Fund Balance - End of Year	<u>\$ 54,917</u>	<u>\$ 55,180</u>

Mount Pleasant Central School District, New York

General Fund

Analysis Of Change From Adopted Budget To Final Budget

Year Ended June 30, 2013

Adopted Budget	\$ 50,935,000
Additions - Encumbrances	<u>198,418</u>
Original Budget	51,133,418
Budget Amendments	<u>1,431,424</u>
Final Budget	<u><u>\$ 52,564,842</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

2013-14 Expenditure budget	\$ 52,515,000
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	393,422
Unassigned fund balance	<u>2,100,600</u>
Total Unrestricted Fund Balance	<u>2,494,022</u>
Less	
Appropriated for subsequent year's budget	200,000
Encumbrances	<u>193,422</u>
Total Adjustments	<u>393,422</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,100,600</u></u>
Actual Percentage	<u><u>4.00%</u></u>

Mount Pleasant Central School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2013

Capital Assets, net		\$ 26,120,915
Less		
Bonds payable - Capital construction	(17,380,000)	
Unamortized portion of premium on refunding bonds	<u>(305,839)</u>	(17,685,839)
Plus		
Unamortized portion of issuance costs on refunding bonds	116,176	
Unamortized portion of loss on refunding bonds	<u>1,129,694</u>	<u>1,245,870</u>
Net Investment in Capital Assets		<u>\$ 9,680,946</u>

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mount Pleasant Central School District, New York ("School District") as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 23, 2013.

Internal Control Over Financial Reporting

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

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

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

O'CONNOR DAVIES, LLP

500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | www.odpkf.com

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Compliance and Other Matters

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

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

Purpose of this Report

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



O'Connor Davies, LLP

Harrison, New York

September 23, 2013

**Report on Compliance For Each Major Federal Program and
on Internal Control Over Compliance****Independent Auditor's Report**

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

Report on Compliance for Each Major Federal Program

We have audited Mount Pleasant Central School District, New York's ("School District") compliance with the types of compliance requirements described in the 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, 2013. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
September 23, 2013

Mount Pleasant Central School District, New York

Schedule of Expenditures of Federal Awards Year Ending June 30, 2013

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</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	\$ 3,272
National School Lunch Program - Commodities	10.555	20,590
National School Lunch Program - Cash	10.555	<u>57,622</u>
Total U.S. Department of Agriculture		<u>81,484</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	397,274
Special Education - Preschool Grants (IDEA Preschool)	84.173	<u>9,577</u>
Subtotal Special Education Cluster		406,851
Title I Grants - Local Educational Agencies	84.010	60,560
Improving Teacher Quality State Grants	84.367	<u>33,868</u>
Total U.S. Department of Education		<u>501,279</u>
Total		<u>\$ 582,763</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 Year Ended June 30, 2013

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Mount Pleasant Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2013. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, which establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments.

Mount Pleasant Central School District, New York

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

____ Yes X No
____ Yes X None reported

Noncompliance material to financial statements noted?

____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

____ Yes X No
____ Yes X None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

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

____ Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027
84.173

Special Education Cluster:
Special Education – State Grants
Special Education – Preschool Grants

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

\$300,000
 X Yes ____ No

Mount Pleasant Central School District, New York

Schedule of Findings and Questioned Costs (Concluded)
Year Ended June 30, 2013

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, 2013

None