

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2009

WITH INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 3 |
| Basic Financial Statements: | |
| District-wide Financial Statements: | |
| Statement of Net Assets | 13 |
| Statement of Activities | 14 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 15 |
| Reconciliation of Governmental Funds Balance Sheet to the Government-Wide | |
| Statement of Net Assets | 17 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - | |
| Governmental Funds | 18 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes | |
| in Fund Balances of Governmental Funds to the Statement of Activities | 20 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - | |
| Budget and Actual - General and Special Aid Funds | 21 |
| Statement of Assets and Liabilities – Fiduciary Funds | 23 |
| Notes to Financial Statements | 24 |
| Combining and Individual Fund Financial Statements and Schedules: | |
| Major Governmental Funds: | |
| General Fund: | |
| Comparative Balance Sheet | 43 |
| Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - | |
| Budget and Actual | 44 |
| Schedule of Revenues Compared to Budget | 46 |
| Schedule of Expenditures and Other Financing Uses Compared to Budget | 48 |
| Special Aid Fund: | |
| Comparative Balance Sheet | 52 |
| Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - | |
| Budget and Actual | 53 |
| Capital Projects Fund: | |
| Comparative Balance Sheet | 55 |
| Comparative Statement of Revenues, Expenditures and Changes | |
| in Fund Balance | 56 |
| Project-Length Schedule | 57 |
| Non-Major Governmental Funds: | |
| Combining Balance Sheet | 59 |
| Combining Statement of Revenues, Expenditures and | |
| Changes in Fund Balances | 61 |
| School Lunch Fund: | |
| Comparative Balance Sheet | 63 |
| Comparative Statement of Revenues, Expenditures and Changes in | |
| Fund Balance | 64 |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

TABLE OF CONTENTS (Concluded)

| | <u>Page</u> |
|--|-------------|
| Special Purpose Fund: | |
| Comparative Balance Sheet | 65 |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance | 66 |
| Debt Service Fund: | |
| Comparative Balance Sheet | 67 |
| Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | 68 |
| Supplementary Information: | |
| Analysis of Change from Adopted Budget to Final Budget | 70 |
| Analysis of Use of Fund Balance | 70 |
| Schedule of Certain Revenues and Expenditures Compared to ST - 3 Data | 71 |
| Schedule of Invested in Capital Assets, Net of Related Debt | 72 |
| Federal Programs: | |
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 73 |
| Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 | 75 |
| Schedule of Expenditures of Federal Awards | 77 |
| Notes to Schedule of Expenditures of Federal Awards | 78 |
| Schedule of Findings and Questioned Costs | 79 |
| Summary Schedule of Prior Audit Findings | 80 |



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Chappaqua Central School District, New York as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Chappaqua Central School District, New York as of June 30, 2009 and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Special Aid funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2009 on our consideration of the Chappaqua Central School District, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

As described in Note 3, F to the basic financial statements, the Chappaqua Central School District adopted the provisions of Governmental Accounting Standards Board Statement No. 45 *"Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions"* as of and for the year ended June 30, 2009.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chappaqua Central School District, New York's basic financial statements. The accompanying financial information listed as combining and individual fund financial statements and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Chappaqua Central School District, New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP
Bennett Kielson Storch DeSantis Division
August 7, 2009

**Chappaqua Central School District, New York
Management's Discussion and Analysis (MD&A)
June 30, 2009**

Introduction

Our discussion and analysis of the Chappaqua Central School District, New York's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. It should be read in conjunction with the basic financial statements to enhance understanding of the School District's financial performance, which immediately follows this section, to enhance understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008-09 are as follows:

- New York State Law limits the amount of unreserved fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year the unreserved fund balance of the General Fund is \$6,723,885 comprised of \$2,430,000 that is designated for the 2009-10 budget, and \$4,293,885 undesignated. The undesignated fund balance of the General Fund is 3.99% of the ensuing year's budget which falls within the 4% statutory limit. This amount is available for spending at the discretion of the School District.
- The School District's governmental funds financial statement reports a combined ending fund balance of \$19,348,307, an increase of \$916,967 from the prior year. Fund balance for the General Fund increased by \$3,115,075, from \$14,913,560 to \$18,028,635. This increase is mainly due to the allocation of funds for Reserved for Tax Certiorari, Employee Benefit Accrued Liabilities, Retirement Contribution, and Unrestricted Fund Balance. Fund balance for the Capital Projects decreased by \$2,384,663. This is due to the completion of the High School Bleachers Project and majority of the EXCEL Project during the 2008-09 school year.
- On the district-wide financial statements, the assets of the School District exceeded liabilities at the close the fiscal year by \$69,593,599. Of this amount, the unrestricted portion is \$3,742,804 which represents a decrease of \$2,414,677. The School District's total net assets decreased by \$283,039 for the year ended June 30, 2009. The decrease in unrestricted assets and total net assets are due to the new requirement to record "other post employment benefit obligations" (GASB 45) as a liability in the amount of \$4,200,739 for the fiscal year.

Overview of the Financial Statements

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

District-Wide Financial Statements

- The *District-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.
- The *statement of net assets* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
- The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The *governmental* activities of the School District include instruction, pupil transportation, community services, cost of food sales, other, interest 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 six individual governmental funds; General Fund, Capital Projects Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund and Debt Service Fund. For this reporting purpose, School Lunch Fund, Special Purpose Fund and Debt Service Fund are combined into "Other Governmental Funds" 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 each fund, since the School District has elected to report them as major funds.
- The School District adopts an annual budget for its General Fund. Budgets are developed for the Special Aid Fund, and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund and the Special Aid Fund within the basic financial statements to demonstrate compliance with the respective budgets.
- The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity, which accounts for assets held by the School District 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 assets may serve over time as a useful indicator of the School District's financial position. In the case of the Chappaqua Central School District, assets exceeded liabilities by \$69,593,599 at the close of the current fiscal year.

Net Assets

| | <u>2008-09</u> | <u>2007-08</u> |
|--|--------------------------|--------------------------|
| Current Assets | \$ 24,088,563 | \$ 23,840,649 |
| Capital Assets, net | <u>111,103,069</u> | <u>110,774,906</u> |
| Total Assets | <u>135,191,632</u> | <u>134,615,555</u> |
| Current Liabilities | 8,823,000 | 9,385,102 |
| Long-term Liabilities | <u>56,775,033</u> | <u>55,358,815</u> |
| Total Liabilities | <u>65,598,033</u> | <u>64,738,917</u> |
| Net Assets: | | |
| Invested in Capital Assets, Net of Related Debt | 58,676,193 | 55,711,097 |
| Restricted for: | | |
| Capital Projects | 561,366 | 2,812,337 |
| Special Purpose | 47,819 | 40,893 |
| Debt Service | 597,915 | 458,509 |
| Unemployment Benefits | 150,402 | 150,000 |
| Property Loss | 58,993 | 58,792 |
| Insurance | 209,980 | 209,377 |
| Liability Claims | 218,278 | 217,675 |
| Tax Certiorari | 4,425,486 | 3,925,228 |
| Repairs | 136,724 | 135,249 |
| Retirement Contributions | 767,639 | - |
| Unrestricted | <u>3,742,804</u> | <u>6,157,481</u> |
| Total Net Assets | <u>\$ 69,593,599</u> | <u>\$ 69,876,638</u> |

By far, the largest component of the School District's net assets (82%) reflects 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 \$7,174,602 (10%) of net assets, which include restriction for retirement contributions of \$767,639 and tax certiorari of \$4,425,486. The remaining balance is unrestricted net assets, which is \$3,742,804 (5%), will be used to finance from future operations.

Changes in Net Assets

| | <u>2008-09</u> | <u>2007-08</u> |
|--|----------------------|----------------------|
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 2,267,879 | \$ 2,186,911 |
| Operating Grants and Contributions | 2,891,555 | 1,682,340 |
| Capital Grants and Contributions | <u>5,714</u> | <u>15,737</u> |
| Total Program Revenues | <u>5,165,148</u> | <u>3,884,988</u> |
| General Revenues: | | |
| Real Property Taxes | 88,261,677 | 84,047,853 |
| Other Tax Items | 7,561,075 | 8,044,127 |
| Non-Property Taxes | 771,106 | 810,790 |
| Unrestricted Use of Money and Property | 607,424 | 1,911,108 |
| Unrestricted State Aid | 7,687,538 | 7,358,853 |
| Miscellaneous | <u>544,085</u> | <u>334,376</u> |
| Total General Revenues | <u>105,432,905</u> | <u>102,507,107</u> |
| Total Revenues | <u>110,598,053</u> | <u>106,392,095</u> |
| Program Expenses: | | |
| General Support | 15,405,506 | 14,987,261 |
| Instruction | 85,077,929 | 74,078,223 |
| Pupil Transportation | 5,670,815 | 7,528,418 |
| Community Services | 19,634 | 21,158 |
| Cost of Food Sales | 1,965,360 | 1,911,605 |
| Other | 4,374 | 5,159 |
| Interest | <u>2,737,474</u> | <u>2,702,835</u> |
| Total Expenses | <u>110,881,092</u> | <u>101,234,659</u> |
| Change in Net Assets | <u>(283,039)</u> | <u>5,320,125</u> |
| Net Assets - Beginning | <u>69,876,638</u> | <u>64,556,513</u> |
| Net Assets - Ending | <u>\$ 69,593,599</u> | <u>\$ 69,876,638</u> |

Governmental activities from operations decreased the School District's net assets by \$283,039 which represents approximately 0.4% of the net assets, thereby the District maintains a similar financial condition as prior year. As indicated on the following graphs, the School District relies upon real property taxes and other tax items (STAR) as its primary revenue sources.

The major changes from 2007-08 to 2008-09 are as follow:

Revenues:

The School District's general revenues increased by \$2,925,798. The primary elements of this increase were:

- Real property taxes increased by \$4,213,824, due to a higher tax levy.
- STAR (School Tax Relief Program) decreased by \$483,052, due to a lower funding from the State.
- Unrestricted use of money and property decreased by \$1,303,684, due to lower income from investments.

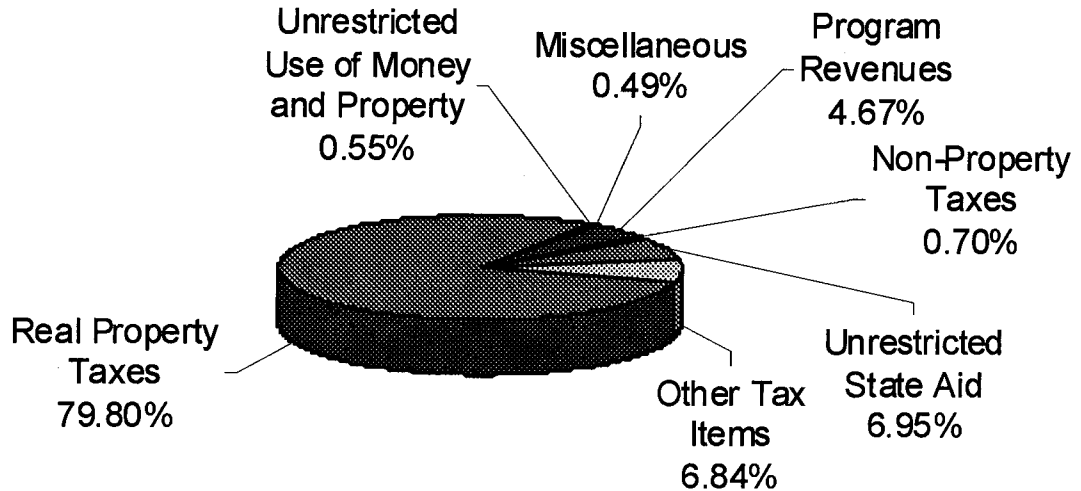
Expenses:

Program expense increased by \$9,646,433. They include:

- This is the first year a public institution is required to report OPEB (other post employment benefits) under GASB 45. For the District the reported net OPEB costs is \$4,200,739 which represents 44% of the increase.
- Instruction program expenses increased by \$10,999,706. There are four main reasons for the increase: 1) due to contractual salary obligations of the collective bargaining agreements, 2) the above-mentioned OPEB costs allocated to the Instruction function, 3) tuition for out-of-district special education placements and BOCES special education services increased by \$703,230, and 4) the reallocation of benefits by function. (GASB 34 requires the proper allocation of benefit costs to each function. In the prior years, we assigned a percentage to the three functions, General Support, Instruction and Transportation. For the 2008-09 school year, we allocated the costs based on actual data.)
- General Support expenses increased by \$418,245. During the year, we paid \$730,116 for Refund of Real Property Taxes vs. the prior year's \$3,493, an increase of \$726,623.
- Pupil Transportation costs decreased by \$1,857,603 and this is due to the reallocation of benefits. We should not have assigned any benefits to this function in the prior year because we had less than a full time person in this function.

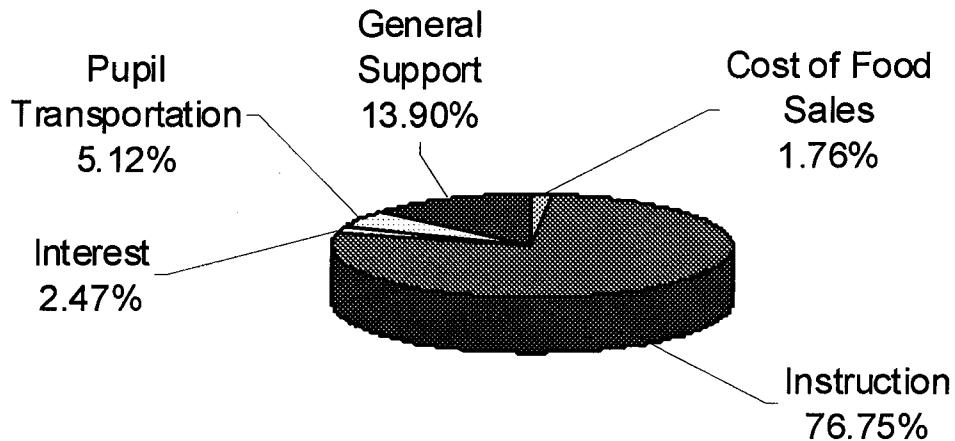
Sources of Revenue for Fiscal Year 2008-09

Governmental Activities



Expenses for Fiscal Year 2008-09

Governmental Activities



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. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the School District's governmental funds reported combined fund balances of \$19,348,307, an increase of \$916,967 from the prior year. As previously stated the increase were due to increases to the Reserve for Tax Certiorari, Employee Benefit Accrued Liabilities, and Retirement Contributions, increase to the Unrestricted Fund Balance, and a decrease to the Capital Projects fund balance.

The School District's fund balance for the General Fund increased by \$3,115,075 during the current fiscal year. Increases in the Reserve for Tax Certiorari, Employee Benefit Accrued Liabilities, Retirement Contributions and Unrestricted Fund Balance accounted for the majority of this increase.

General Fund revenues exceeded the final budget by \$741,482. The two largest positive variances were: 1) the State Aid category, in which the positive variance was \$374,932 and 2) the Miscellaneous category, in which the positive variance was \$743,275. The Use of Money and Property category reflected a negative variance of \$600,246. This variance arises from the lower than expected earnings from investments.

General Fund expenditures for 2008-09 were \$3,167,744 less than the final budget, after the deduction of \$2,007,793 for encumbrances.

For the General Fund, the total revenues exceeded total expenditures by \$1,107,282.

General Fund Budgetary Highlights

The difference between the original expenditure budget and the final amended budget was \$61,596. These budget modifications are mainly gifts from PTA and various organizations.

Budgetary and Fund Balance Analysis

| | |
|--|---------------------|
| Opening Unreserved – Undesignated Fund Balance | \$ 4,293,885 |
| Revenues over Budget | 741,482 |
| Expenditures and Encumbrances over Budget | 3,167,744 |
| Net Transfers to/from Reserves | (1,479,226) |
| Appropriated for 2009-10 Budget | <u>(2,430,000)</u> |
| Closing Unreserved – Undesignated Fund Balance | <u>\$ 4,293,885</u> |

Capital Assets

At June 30, 2009 the School District had \$111,103,069 net of accumulated depreciation invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below.

| <u>Class</u> | <u>June 30, 2009</u> | <u>June 30, 2008</u> |
|--|---------------------------|--------------------------|
| Land | \$ 2,052,700 | \$ 2,052,700 |
| Buildings and Improvements | 107,335,207 | 107,027,591 |
| Machinery and Equipment | 1,715,162 | 1,679,516 |
| Construction-in-progress | <u>12,100</u> | <u>15,663</u> |
| Total Capital Assets, Net of Accumulated Depreciation | <u>\$ 111,103,069</u> | <u>\$110,775,470</u> |

More detailed information about the School District's capital assets is presented in the notes to the financial statements (Note 3, B – Capital Assets).

Long-Term Liabilities

At June 30, 2009, the School District had \$60,032,696 in general obligation debt and other long-term liabilities outstanding, as follows:

| | <u>2008-09</u> | <u>2007-08</u> |
|--|--------------------------|--------------------------|
| Bonds Payable | \$ 52,455,325 | \$ 55,235,433 |
| Compensated Absences | 3,376,632 | 3,264,869 |
| Other Post Employment Benefit Obligations Payable | <u>4,200,739</u> | <u>-</u> |
| Total | <u>\$ 60,032,696</u> | <u>\$ 58,500,302</u> |

During the year, the School District redeemed \$2,820,000 of serial bonds, but added \$4,200,739 of liabilities to other post employment benefits, and therefore the Long-Term Liabilities increased by \$1,532,394.

More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements (Note 3, F- Long-Term Liabilities).

Summary

Overall, the financial position of the Chappaqua Central School District for year ended June 2009 is similar to the prior fiscal year. The District's net assets decreased by \$283,039 (0.4%) due to the requirement to record other post employment benefit obligations (GASB 45) of \$4,200,739.

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:

Chappaqua Central School District
Attn: John L. Chow
Assistant Superintendent for Business
PO Box 21
Chappaqua, New York 10514
Tel: (914)238-7221
E-mail: jochow@ccsd.ws

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

STATEMENT OF NET ASSETS
JUNE 30, 2009

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and equivalents | \$ 21,002,475 |
| Receivables: | |
| Accounts | 83,498 |
| State and Federal aid | 2,967,936 |
| Inventories | 6,205 |
| Deferred charges | 28,449 |
| Capital assets (net of accumulated depreciation): | |
| Land | 2,052,700 |
| Buildings and improvements | 107,323,107 |
| Machinery and equipment | 1,715,162 |
| Construction-in-progress | 12,100 |
| Total Assets | 135,191,632 |
| LIABILITIES | |
| Accounts payable | 45,168 |
| Accrued liabilities | 218,993 |
| Retainages payable | 52,200 |
| Due to retirement systems | 4,285,693 |
| Due to other governments | 52,542 |
| Unearned revenues | 57,211 |
| Accrued interest payable | 853,530 |
| Non-current liabilities: | |
| Due within one year: | |
| Bonds payable | 2,920,000 |
| Compensated absences | 337,663 |
| Due in more than one year: | |
| Bonds payable | 49,535,325 |
| Compensated absences | 3,038,969 |
| Other post employment benefit obligations payable | 4,200,739 |
| Total Liabilities | 65,598,033 |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 58,676,193 |
| Restricted for: | |
| Capital projects | 561,366 |
| Debt service | 597,915 |
| Tax certiorari | 4,425,486 |
| Unemployment benefits | 150,402 |
| Property loss | 58,993 |
| Insurance | 209,980 |
| Liability claims | 218,278 |
| Repairs | 136,724 |
| Retirement contributions | 767,639 |
| Special purposes | 47,819 |
| Unrestricted | 3,742,804 |
| Total Net Assets | \$ 69,593,599 |

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

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CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

| Functions/Programs: | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets |
|---|-----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental activities: | | | | | |
| General support | \$ 15,405,506 | \$ 48,788 | \$ 102,140 | \$ - | \$ (15,254,578) |
| Instruction | 85,077,929 | 596,656 | 1,928,125 | - | (82,553,148) |
| Pupil transportation | 5,670,815 | - | - | - | (5,670,815) |
| Community services | 19,634 | - | - | - | (19,634) |
| Cost of food sales | 1,965,360 | 1,797,303 | 188,866 | - | 20,809 |
| Other | 4,374 | - | 10,198 | - | 5,824 |
| Interest | 2,737,474 | - | - | 5,714 | (2,731,760) |
| Total Governmental Activities | <u>\$ 110,881,092</u> | <u>\$ 2,442,747</u> | <u>\$ 2,229,329</u> | <u>\$ 5,714</u> | <u>(106,203,302)</u> |
| General Revenues: | | | | | |
| Real property taxes | | | | | 88,261,677 |
| Other tax items - | | | | | |
| School tax relief reimbursement | | | | | 7,561,075 |
| Non-property taxes - | | | | | |
| Non-property tax distribution from County | | | | | 771,106 |
| Unrestricted use of money and property | | | | | 607,424 |
| Unrestricted State aid | | | | | 7,944,399 |
| Miscellaneous | | | | | <u>774,582</u> |
| Total General Revenues | | | | | <u>105,920,263</u> |
| Change in Net Assets | | | | | (283,039) |
| Net Assets - Beginning | | | | | <u>69,876,638</u> |
| Net Assets - Ending | | | | | <u>\$ 69,593,599</u> |

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

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

| | General | Special Aid | Capital Projects |
|---|----------------------|-------------------|---------------------|
| ASSETS | | | |
| Cash and Equivalents | \$ 19,583,712 | \$ 15,810 | \$ 613,595 |
| Receivables: | | | |
| Accounts | 83,498 | - | - |
| State and Federal aid | 2,178,364 | 781,019 | - |
| Due from other funds | 796,558 | - | - |
| Inventories | - | - | - |
| Total Assets | <u>\$ 22,642,132</u> | <u>\$ 796,829</u> | <u>\$ 613,595</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 45,168 | \$ - | \$ - |
| Accrued liabilities | 218,993 | - | - |
| Retainages payable | - | - | 52,200 |
| Due to other funds | - | 796,529 | 117,407 |
| Due to retirement systems | 4,285,693 | - | - |
| Due to other governments | 52,542 | - | - |
| Deferred revenues | 11,101 | 300 | - |
| Total Liabilities | <u>4,613,497</u> | <u>796,829</u> | <u>169,607</u> |
| Fund Balances: | | | |
| Reserved for encumbrances | 2,007,793 | - | - |
| Reserved for inventories | - | - | - |
| Reserved for debt service | - | - | - |
| Reserved for tax certiorari | 4,425,486 | - | - |
| Reserved for unemployment benefits | 150,402 | - | - |
| Reserved for property loss | 58,993 | - | - |
| Reserved for insurance | 209,980 | - | - |
| Reserved for liability claims | 218,278 | - | - |
| Reserved for employee benefit accrued liability | 3,329,455 | - | - |
| Reserved for repairs | 136,724 | - | - |
| Reserved for retirement contributions | 767,639 | - | - |
| Reserved for trusts | - | - | - |
| Unreserved, reported in: | | | |
| General Fund | 6,723,885 | - | - |
| Special Revenue Funds | - | - | - |
| Capital Projects Fund | - | - | 443,988 |
| Total Fund Balances | <u>18,028,635</u> | <u>-</u> | <u>443,988</u> |
| Total Liabilities and Fund Balances | <u>\$ 22,642,132</u> | <u>\$ 796,829</u> | <u>\$ 613,595</u> |

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

| Other Governmental Funds | Total Governmental Funds |
|--------------------------------|--------------------------------|
| \$ 789,358 | \$ 21,002,475 |
| - | 83,498 |
| 8,553 | 2,967,936 |
| 117,378 | 913,936 |
| 6,205 | 6,205 |
| <u>\$ 921,494</u> | <u>\$ 24,974,050</u> |

| | |
|---------------|------------------|
| \$ - | \$ 45,168 |
| - | 218,993 |
| - | 52,200 |
| - | 913,936 |
| - | 4,285,693 |
| - | 52,542 |
| 45,810 | 57,211 |
| <u>45,810</u> | <u>5,625,743</u> |

| | |
|-------------------|----------------------|
| - | 2,007,793 |
| 6,205 | 6,205 |
| 597,915 | 597,915 |
| - | 4,425,486 |
| - | 150,402 |
| - | 58,993 |
| - | 209,980 |
| - | 218,278 |
| - | 3,329,455 |
| - | 136,724 |
| - | 767,639 |
| 47,819 | 47,819 |
| - | 6,723,885 |
| 223,745 | 223,745 |
| - | 443,988 |
| <u>875,684</u> | <u>19,348,307</u> |
| <u>\$ 921,494</u> | <u>\$ 24,974,050</u> |

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CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT - WIDE STATEMENT OF NET ASSETS
JUNE 30, 2009

| | |
|--|---------------|
| Fund Balances - Total Governmental Funds | \$ 19,348,307 |
|--|---------------|

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

| | |
|---|-------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | 111,103,069 |
|---|-------------|

| | |
|---|--------|
| Government funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities Deferred charges | 28,449 |
|---|--------|

| | |
|--|--------------|
| Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Accrued interest payable | (853,530) |
| Bonds payable | (52,455,325) |
| Compensated absences | (3,376,632) |
| Other post employment benefit obligations payable | (4,200,739) |
| | (60,886,226) |

| | |
|---------------------------------------|---------------|
| Net Assets of Governmental Activities | \$ 69,593,599 |
|---------------------------------------|---------------|

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

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009

| | General | Special Aid | Capital Projects |
|---|---------------|----------------|---------------------|
| REVENUES | | | |
| Real property taxes | \$ 88,261,677 | \$ - | \$ - |
| Other tax items | 7,561,075 | - | - |
| Non-property taxes | 771,106 | - | - |
| Charges for services | 596,656 | - | - |
| Use of money and property | 669,754 | - | - |
| State aid | 8,438,118 | 476,738 | - |
| Federal aid | 115,648 | 869,022 | - |
| Food sales | - | - | - |
| Miscellaneous | 836,178 | - | - |
| Total Revenues | 107,250,212 | 1,345,760 | - |
| EXPENDITURES | | | |
| Current: | | | |
| General support | 13,290,876 | - | - |
| Instruction | 60,027,705 | 1,464,944 | - |
| Pupil transportation | 5,639,336 | - | - |
| Community services | 19,634 | - | - |
| Employee benefits | 19,076,437 | - | - |
| Cost of food sales | - | - | - |
| Other | - | - | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | 366,756 | - | - |
| Capital outlay | - | - | 2,681,646 |
| Total Expenditures | 98,420,744 | 1,464,944 | 2,681,646 |
| Excess (Deficiency) of Revenues Over Expenditures | 8,829,468 | (119,184) | (2,681,646) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | 119,184 | 430,675 |
| Transfers out | (5,714,393) | - | (133,692) |
| Total Other Financing Sources (Uses) | (5,714,393) | 119,184 | 296,983 |
| Net Change in Fund Balances | 3,115,075 | - | (2,384,663) |
| Fund Balances - Beginning of Year | 14,913,560 | - | 2,828,651 |
| Fund Balances - End of Year | \$ 18,028,635 | \$ - | \$ 443,988 |

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

| Other Governmental Funds | Total Governmental Funds |
|--------------------------------|--------------------------------|
| \$ - | \$ 88,261,677 |
| - | 7,561,075 |
| - | 771,106 |
| - | 596,656 |
| 24,747 | 694,501 |
| 15,786 | 8,930,642 |
| 140,458 | 1,125,128 |
| 1,797,303 | 1,797,303 |
| 23,787 | 859,965 |
| <u>2,002,081</u> | <u>110,598,053</u> |
| - | 13,290,876 |
| - | 61,492,649 |
| - | 5,639,336 |
| - | 19,634 |
| - | 19,076,437 |
| 1,945,946 | 1,945,946 |
| 3,272 | 3,272 |
| 2,820,000 | 2,820,000 |
| 2,344,534 | 2,711,290 |
| - | 2,681,646 |
| <u>7,113,752</u> | <u>109,681,086</u> |
| <u>(5,111,671)</u> | <u>916,967</u> |
| 5,298,226 | 5,848,085 |
| - | (5,848,085) |
| <u>5,298,226</u> | <u>-</u> |
| 186,555 | 916,967 |
| <u>689,129</u> | <u>18,431,340</u> |
| <u>\$ 875,684</u> | <u>\$ 19,348,307</u> |

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CHAPPAQUA 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, 2009

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

| | |
|--|-------------------|
| Net Change in Fund Balances - Total Governmental Funds | <u>\$ 916,967</u> |
|--|-------------------|

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 is the amount by which capital outlays exceeded depreciation expense in the current period.

| | |
|-----------------------------|--------------------|
| Capital outlay expenditures | 3,189,825 |
| Depreciation expense | <u>(2,861,662)</u> |
| | <u>328,163</u> |

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

| | |
|--|------------------|
| Principal paid on bonds | 2,820,000 |
| Amortization of issuance costs and loss on refunding bonds | <u>(49,375)</u> |
| | <u>2,770,625</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 | 13,708 |
| Compensated absences | (111,763) |
| Other post employment benefit obligations | <u>(4,200,739)</u> |
| | <u>(4,298,794)</u> |

| | |
|---|----------------------------|
| Change in Net Assets of Governmental Activities | <u><u>\$ (283,039)</u></u> |
|---|----------------------------|

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

CHAPPAQUA 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, 2009

| | General Fund | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|-----------------|---------------|---|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Real property taxes | \$ 95,824,257 | \$ 88,263,527 | \$ 88,261,677 | \$ (1,850) |
| Other tax items | - | 7,560,730 | 7,561,075 | 345 |
| Non-property taxes | 750,000 | 750,000 | 771,106 | 21,106 |
| Charges for services | 314,691 | 314,691 | 596,656 | 281,965 |
| Use of money and property | 1,270,000 | 1,270,000 | 669,754 | (600,246) |
| State aid | 8,063,186 | 8,063,186 | 8,438,118 | 374,932 |
| Federal aid | - | - | 115,648 | 115,648 |
| Miscellaneous | 225,000 | 286,596 | 836,178 | 549,582 |
| Total Revenues | 106,447,134 | 106,508,730 | 107,250,212 | 741,482 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General support | 13,385,922 | 14,604,930 | 13,290,876 | 1,314,054 |
| Instruction | 61,702,614 | 60,723,362 | 60,027,705 | 695,657 |
| Pupil transportation | 5,908,424 | 5,665,154 | 5,639,336 | 25,818 |
| Community services | 22,322 | 19,634 | 19,634 | - |
| Employee benefits | 22,214,587 | 22,216,445 | 19,076,437 | 3,140,008 |
| Debt service - | | | | |
| Interest | 300,000 | 366,756 | 366,756 | - |
| Total Expenditures | 103,533,869 | 103,596,281 | 98,420,744 | 5,175,537 |
| Excess (Deficiency) of Revenues Over Expenditures | 2,913,265 | 2,912,449 | 8,829,468 | 5,917,019 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (5,715,209) | (5,714,393) | (5,714,393) | - |
| Total Other Financing Sources (Uses) | (5,715,209) | (5,714,393) | (5,714,393) | - |
| Net Change in Fund Balances | (2,801,944) | (2,801,944) | 3,115,075 | 5,917,019 |
| Fund Balances - Beginning of Year | 2,801,944 | 2,801,944 | 14,913,560 | 12,111,616 |
| Fund Balances - End of Year | \$ - | \$ - | \$ 18,028,635 | \$ 18,028,635 |

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) |
| \$ - | \$ - | \$ - | \$ - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 476,738 | 476,738 | 476,738 | - |
| 962,642 | 965,443 | 869,022 | (96,421) |
| - | - | - | - |
| 1,439,380 | 1,442,181 | 1,345,760 | (96,421) |
| - | - | - | - |
| 1,559,380 | 1,561,365 | 1,464,944 | 96,421 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 1,559,380 | 1,561,365 | 1,464,944 | 96,421 |
| (120,000) | (119,184) | (119,184) | - |
| 120,000 | 119,184 | 119,184 | - |
| - | - | - | - |
| 120,000 | 119,184 | 119,184 | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| \$ - | \$ - | \$ - | \$ - |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2009

| | <u>Agency</u> |
|-----------------------------|------------------------------|
| ASSETS | |
| Cash and Equivalents | \$ 437,376 |
| Accounts Receivable | <u>520</u> |
| Total Assets | <u><u>\$ 437,896</u></u> |
| LIABILITIES | |
| Accounts Payable | \$ 3,235 |
| Employee Payroll Deductions | 275,306 |
| Deposits Payable | 59,004 |
| Student Activity Funds | <u>100,351</u> |
| Total Liabilities | <u><u>\$ 437,896</u></u> |

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

Note 1 - Summary of Significant Accounting Policies

The Chappaqua Central School District, New York ("School District"), as presently constituted, was established in 1905 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, and 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 Putnam-Northern 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 the ratio which the component school district's value of taxable properties in effect at the time of adoption bears to the total full value of taxable properties of all component school districts within BOCES as defined by Education Law. Copies of BOCES' financial statement can be requested from Putnam-Northern Westchester BOCES, 200 BOCES Drive, Yorktown Heights, New York 10598.

The School District also contracts with BOCES for computer hardware and maintenance. This contract qualifies as a capital lease in accordance with the provisions of Financial Accounting Standards Board Statement No. 13. BOCES, however, has not separately determined the cost for hardware and maintenance and neither BOCES nor the School District has recorded these transactions in accordance with FASB No. 13.

Note 1 - Summary of Significant Accounting Policies (Continued)

B. District-Wide Financial Statements

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

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

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

C. Fund Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

General Fund - The General Fund constitutes the primary operating fund of the School District in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

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

Capital Projects Fund - The Capital Projects Fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities.

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

Special Revenue Funds - Special revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain defined purposes. The special revenue funds of the School District are as follows:

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

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

Debt Service Fund - The Debt Service Fund is provided to account for the accumulation of resources to be used for the redemption of principal and interest on long-term debt.

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

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

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

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus and utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are

Note 1 - Summary of Significant Accounting Policies (Continued)

levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities and Net Assets or Fund Balances

Deposits, Investments and Risk Disclosure

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

The School District's 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, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the School District's policy provides for no credit risk on investments.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

The School District utilizes a pooled investment concept for all governmental funds to facilitate its investment program. Investment income from this pooling is allocated to the respective funds based upon the sources of funds invested.

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, 2009.

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

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are levied and payable in September and January. The Towns of New Castle and Mount Pleasant which are 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, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories - Inventories in the School Lunch Fund consist of surplus 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 the district-wide financial statements represent the unamortized portion of the costs of issuance of the bonds. These costs are being amortized over the term of the respective bond issue.

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported deferred revenues of \$11,101 in the General Fund for fees received in advance, \$300 in the Special Aid Fund for Federal aid received in advance, and \$45,810 in the School Lunch Fund for advance payments. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation or sick 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.

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

Fund Balances - Reserves and Designations - Portions of fund balance are segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for encumbrances, inventories, debt service, tax certiorari, unemployment benefits, property loss, insurance, liability claims, employee benefit accrued liability, repairs, retirement contributions and trusts represent portions of fund balance which are required to be segregated in accordance with State law or generally accepted accounting principles. Designation of unreserved fund balances in governmental funds indicates the utilization of these resources in the ensuing year's budget or tentative plans for future use.

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 reservations of fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

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

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the voters reject the budget, the Board of Education may resubmit the budget to the voters only once in revised form or as originally issued. The Board may also elect to adopt a contingent budget without voter approval. The contingent budget includes all expenditures needed to provide the minimum services legally required. Total spending under a contingency budget cannot increase by more than 4% or 120% of the Consumer Price Index, whichever is lower. In addition, the administrative budget segment, exclusive of the capital component, may not comprise a greater percentage of the budget than the lesser of either (1) the comparable percentage of the prior year's budget or (2) the comparable percentage of the last defeated budget.
- f) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g) Budgets for General and Special Aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch, Special Purpose or Debt Service funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2009

Note 2 - Stewardship, Compliance and Accountability (Continued)

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

B. Property Tax Limitation

The School District is not limited as to the maximum amount of real property taxes which may be raised within the School District.

C. Limitation on Unreserved Fund Balance

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

E. Capital Projects Fund Deficits

These deficits result from expenditures exceeding current financing. These deficits will be eliminated with the receipt or issuance of subsequent authorized financing. These projects also reflect overexpenditures of similar amounts. The capital projects listed below had deficits at June 30, 2009:

| | | |
|-----------------|----|--------|
| 1999-00 Funding | \$ | 31,014 |
| 2002-03 Funding | | 86,364 |

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, 2009 were as follows:

| <u>Fund</u> | <u>Due From</u> | <u>Due To</u> |
|------------------------|---------------------|-------------------|
| General | \$ 796,558 | \$ - |
| Special Aid | - | 796,529 |
| Capital Projects | - | 117,407 |
| Non-Major Governmental | 117,378 | - |
| | <u>\$ 913,936</u> | <u>\$ 913,936</u> |

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

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2009

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, 2008 | Additions | Deletions | Balance June 30, 2009 |
|---|-------------------------|-------------------|------------------|-----------------------------|
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 2,052,700 | \$ - | \$ - | \$ 2,052,700 |
| Construction in progress | 15,663 | 12,100 | 15,663 | 12,100 |
| | <u>\$ 2,068,363</u> | <u>\$ 12,100</u> | <u>\$ 15,663</u> | <u>\$ 2,064,800</u> |
| Capital Assets, being depreciated: | | | | |
| Buildings and Improvements | \$ 134,540,529 | 2,948,108 | \$ - | \$ 137,488,637 |
| Machinery and Equipment | 3,268,285 | 245,280 | 43,590 | 3,469,975 |
| Total Capital Assets, being depreciated | <u>137,808,814</u> | <u>3,193,388</u> | <u>43,590</u> | <u>140,958,612</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | 27,512,938 | 2,652,592 | - | 30,165,530 |
| Machinery and Equipment | 1,589,333 | 209,070 | 43,590 | 1,754,813 |
| Total Accumulated Depreciation | <u>29,102,271</u> | <u>2,861,662</u> | <u>43,590</u> | <u>31,920,343</u> |
| Total Capital Assets, being depreciated, net | <u>\$ 108,706,543</u> | <u>\$ 331,726</u> | <u>\$ -</u> | <u>\$ 109,038,269</u> |
| Capital Assets, net | <u>\$ 110,774,906</u> | <u>\$ 343,826</u> | <u>\$ 15,663</u> | <u>\$ 111,103,069</u> |

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

| | |
|----------------------------|---------------------|
| General Support | \$ 165,597 |
| Instruction | 2,645,172 |
| Cost of Food Sales | 19,414 |
| Transportation | <u>31,479</u> |
| Total Depreciation Expense | <u>\$ 2,861,662</u> |

C. Accrued Liabilities

Accrued liabilities at June 30, 2009 were as follows:

| | |
|-------------------------------|-------------------|
| | General Fund |
| Payroll and employee benefits | <u>\$ 218,993</u> |

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2009

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 Employees' 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 who joined after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. 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 2009 are as follows:

| ERS | | TRS | |
|-----------|-------|-------|-------|
| Tier/Plan | Rate | Tiers | Rate |
| 1 75I | 10.7% | 1-4 | 7.63% |
| 2 75I | 9.9 | | |
| 3 A14 | 8.0 | | |
| 4 A15 | 8.0 | | |

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

| | ERS | TRS |
|------|------------|--------------|
| 2009 | \$ 658,524 | \$ 3,483,901 |
| 2008 | 688,116 | 3,930,974 |
| 2007 | 815,391 | 3,721,516 |

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.

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)**E. Short-Term Non-Capital Borrowings**

The schedule below details the changes in short-term non-capital borrowings.

| | Balance July 1, 2008 | New Issues | Redemptions | Balance June 30, 2009 |
|-----------------------|-------------------------|---------------|--------------|--------------------------|
| Tax Anticipation Note | \$ - | \$ 8,000,000 | \$ 8,000,000 | \$ - |

The \$8,000,000 tax anticipation note was issued on July 17, 2008 and redeemed on June 30, 2009, with interest at 3.0%.

Interest expenditures of \$366,756 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

F. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2009:

| | Balance July 1, 2008 | New Issues/ Additions | Maturities and/or Payments | Balance June 30, 2009 | Due Within One-Year |
|---|-------------------------|--------------------------|----------------------------------|-----------------------------|---------------------------|
| Bonds Payable | \$ 55,395,000 | \$ - | \$ 2,820,000 | \$ 52,575,000 | \$ 2,920,000 |
| Less - Deferred amounts on refunding | (159,567) | - | (39,892) | (119,675) | - |
| | 55,235,433 | - | 2,780,108 | 52,455,325 | 2,920,000 |
| Other Non-current Liabilities - Compensated Absences | 3,264,869 | 438,250 | (326,487) | 3,376,632 | 337,663 |
| Other post employment benefit obligations payable | - | 4,200,739 | - | 4,200,739 | - |
| Total Other Non- current Liabilities | 3,264,869 | 4,638,989 | (326,487) | 7,577,371 | 337,663 |
| Total Long-Term Liabilities | \$ 58,500,302 | \$ 4,638,989 | \$ 2,453,621 | \$ 60,032,696 | \$ 3,257,663 |

Each governmental fund's liability for compensated absences is liquidated by the respective fund. The School District's indebtedness for bonds is satisfied by the Debt Service Fund, which is funded primarily by the General Fund.

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

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

Bonds payable at June 30, 2009 are comprised of the following individual issues:

| Purpose | Year of Issue | Original Issue Amount | Final Maturity | Interest Rates | Amount Outstanding at June 30, 2009 |
|----------------------|---------------|-----------------------|----------------|----------------|-------------------------------------|
| Building Renovations | 2002 | \$ 1,750,000 | September 2018 | 3.5 - 4.30 % | \$ 1,240,000 |
| Building Renovations | 2002 | 32,720,000 | September 2030 | 3.5 - 4.70 | 29,335,000 |
| Building Renovations | 2003 | 23,955,000 | January 2033 | 4.0 - 4.50 | 19,525,000 |
| Building Renovations | 2002 | 5,010,000 | October 2011 | 2.75 - 3.25 | 2,475,000 |
| | | | | | <u>\$ 52,575,000</u> |

Interest expenditures of \$2,344,534 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$2,370,718 was recorded in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonded debt as of June 30, 2009 including interest payments of \$24,693,638 are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|----------------------|----------------------|----------------------|
| 2010 | \$ 2,920,000 | \$ 2,247,815 | \$ 5,167,815 |
| 2011 | 3,025,000 | 2,145,031 | 5,170,031 |
| 2012 | 2,665,000 | 2,041,421 | 4,706,421 |
| 2013 | 2,220,000 | 1,945,346 | 4,165,346 |
| 2014 | 2,315,000 | 1,851,940 | 4,166,940 |
| 2015-2019 | 13,135,000 | 7,669,209 | 20,804,209 |
| 2020-2024 | 13,500,000 | 4,574,828 | 18,074,828 |
| 2025-2029 | 8,700,000 | 2,023,350 | 10,723,350 |
| 2030-2031 | 4,095,000 | 194,698 | 4,289,698 |
| | <u>\$ 52,575,000</u> | <u>\$ 24,693,638</u> | <u>\$ 77,268,638</u> |

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

Note 3 - Detailed Notes on All Funds (Continued)

Prior Year's Defeasance

In prior years, the School District defeased certain bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. At June 30, 2009, \$2,480,000 of bonds outstanding are considered defeased.

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. For all other employees, vacation time is generally taken in the year earned. The School District is not required to compensate employees for accumulated sick leave. The value of the compensated absences has been reflected in the district-wide financial statements.

Post Employment Health Care Benefits

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. Substantially all of the School District's employee's 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

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

established on a pay-as-you-go basis. The assumed rates of increase in post retirement benefits are as follows:

| <u>Year Ended June 30,</u> | <u>Medical</u> |
|--------------------------------|----------------|
| 2010 | 9.00 % |
| 2011 | 8.00 |
| 2012 | 7.00 |
| 2013 | 6.00 |
| 2014+ | 5.00 |

The amortization basis is the level dollar basis over 30 years with an open amortization approach. 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, 2009 was as follows:

| | |
|-------------------|-------------|
| Active Employees | 710 |
| Retired Employees | <u>351</u> |
| | <u>1061</u> |

Amortization Component:

| | |
|--|----------------------|
| Actuarial Accrued Liability as of June 1, 2008 | \$ 92,868,117 |
| Assets at Market Value | <u>-</u> |
| Unfunded Actuarial Accrued Liability ("UAAL") | <u>\$ 92,868,117</u> |
| Funded Ratio | <u>0.00%</u> |
| Covered Payroll (active plan members) | <u>\$ 55,286,448</u> |
| UAAL as a Percentage of Covered Payroll | <u>167.98%</u> |
| Annual Required Contribution | \$ 4,141,715 |
| Interest on Net OPEB Obligation | 434,239 |
| Amortization of Unfunded accrued liability | <u>3,095,604</u> |
| Annual OPEB Cost | 7,671,558 |
| Contributions Made | <u>(3,470,819)</u> |
| Increase in Net OPEB Obligation | 4,200,739 |
| Net OPEB Obligation - Beginning of year | <u>-</u> |
| Net OPEB Obligation - End of year | <u>\$ 4,200,739</u> |

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)**G. Revenues and Expenditures****Interfund Transfers**

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

| <u>Transfers Out</u> | <u>Transfers In</u> | | | <u>Total</u> |
|----------------------|------------------------|-------------------------|----------------------------------|---------------------|
| | <u>Special Aid</u> | <u>Debt Service</u> | <u>Capital Projects Fund</u> | |
| General | \$ 119,184 | \$ 5,164,534 | \$ 430,675 | \$ 5,714,393 |
| Capital | - | 133,692 | - | 133,692 |
| | <u>\$ 119,184</u> | <u>\$ 5,298,226</u> | <u>\$ 430,675</u> | <u>\$ 5,848,085</u> |

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

H. Net Assets

The components of net assets are detailed below:

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

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

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

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

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

Restricted for Property Loss - the component of net assets that has been established to set aside funds for the deductible provisions of the School District's insurance policies in accordance with Section 6n of General Municipal Law.

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Insurance - the component of net assets that has been established to set aside funds to repair assets funded by insurance recoveries pursuant to Educational Law.

Restricted for Liability Claims - the component of net assets that has been established to set aside funds for liability claims incurred pursuant to Education Law.

Restricted for Repairs - the component of net assets that has been established in accordance with Education Law to provide funds for the repairs to capital improvements and equipment.

Restricted for Retirement Contributions - the component of net assets that has been established in accordance with General Municipal Law section 6-r to provide funds for the purpose of paying retirement contributions to the New York State Local Employees Retirement System (ERS).

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

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

I. Fund Balances

Certain elements of reserved fund balance are described above. Those additional elements which are not reflected in the statement of net assets but are reported in the governmental funds balance sheet are described below. The unreserved components of fund balance are also detailed below.

Reserved

Encumbrances outstanding have been reserved as it is 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.

Inventories in the School Lunch Fund have been reserved to indicate that a portion of the 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.

The Reserve for Employee Benefit Accrued Liability has been established to set aside funds to be used for a specific purpose in accordance with Section 6p of the General Municipal Law of the State of New York.

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2009

Note 3 - Detailed Notes on All Funds (Continued)

Unreserved - Designations

General Fund - Designations of fund balance are not legally required segregations but represent intended use for a specific purpose. At June 30, 2009, the Board of Education has designated that \$2,430,000 of the fund balance of the General Fund be appropriated for the ensuing year's budget.

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 may be subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the School District's compliance with applicable grant requirements may be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

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

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company 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.

NOTES TO FINANCIAL STATEMENTS (Concluded)

JUNE 30, 2009

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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. The School District maintains liability coverage for school board members up to \$1 million. The School District also maintains an umbrella policy with coverage up to \$25 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 Northern Westchester and Putnam Counties participate in the Westchester-Putnam Schools Cooperative Self-Insurance Plan for Workers' Compensation. The purpose of the Plan is to provide efficient and economical evaluation, processing, administration, defense and payment of claims against plan members for workers' compensation and to provide for risk management to reduce future liability for workers' compensation and employers' liability payments. The Plan is managed and governed by a Board of Trustees comprised of a representative from each district. Billings are based upon participants' experience rating. The School District has transferred all related risk to the Plan.

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Northern Westchester – Putnam School Cooperative Medical Expense Benefit Plan. The Plan operates under an agreement dated February 17, 1987. The purposes of the Plan are to provide for the efficient and economical evaluation, processing, administration and payment of claims against Plan members for medical expenses through self-insurance and to provide for centralized administration, funding and disbursements for such services. The governance of the Plan rests in the Board of Trustees, which shall consist of five Trustees selected by the Plan members. A majority of the total number of Trustees shall be required to take any actions. The billings are based upon coverages provided each participant's employees. The School District has transferred all related risk to the Plan.

D. Leases

The School District leases office facilities and equipment under noncancelable operating leases. The total cost for these leases was \$546,038 for the year ended June 30, 2009. The future minimum lease payments for these leases are as follows:

| <u>Year Ending</u> <u>June 30,</u> | <u>Amount</u> |
|---------------------------------------|-------------------|
| 2010 | \$ 261,132 |
| 2011 | 177,424 |
| 2012 | <u>107,482</u> |
| | <u>\$ 546,038</u> |

Note 5 - Subsequent Events

The School District, on July 15, 2009, issued an \$8,000,000 note in anticipation of 2009-10 property taxes. The note matures on June 30, 2010 and bears interest at a rate of 2.0%.

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were issued, which date is August 7, 2009.

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CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2009 AND 2008

| | 2009 | 2008 |
|---|----------------------|----------------------|
| <u>ASSETS</u> | | |
| Cash: | | |
| Demand deposits | \$ 19,583,012 | \$ 19,053,797 |
| Petty cash | 700 | 700 |
| | <u>19,583,712</u> | <u>19,054,497</u> |
| Receivables: | | |
| Accounts | 83,498 | 272,108 |
| State and Federal aid | 2,178,364 | 527,062 |
| Due from other funds | <u>796,558</u> | <u>586,658</u> |
| | <u>3,058,420</u> | <u>1,385,828</u> |
| Total Assets | <u>\$ 22,642,132</u> | <u>\$ 20,440,325</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities: | | |
| Accounts payable | \$ 45,168 | \$ 228,856 |
| Accrued liabilities | 218,993 | 243,924 |
| Due to other funds | - | 268,883 |
| Due to retirement systems | 4,285,693 | 4,688,199 |
| Due to other governments | 52,542 | - |
| Deferred revenues | <u>11,101</u> | <u>96,903</u> |
| Total Liabilities | <u>4,613,497</u> | <u>5,526,765</u> |
| Fund Balance: | | |
| Reserved for encumbrances | 2,007,793 | 1,901,944 |
| Reserved for tax certiorari | 4,425,486 | 3,925,228 |
| Reserved for unemployment benefits | 150,402 | 150,000 |
| Reserved for property loss | 58,993 | 58,792 |
| Reserved for insurance | 209,980 | 209,377 |
| Reserved for liability claims | 218,278 | 217,675 |
| Reserved for employee benefit accrued liability | 3,329,455 | 3,121,410 |
| Reserved for repairs | 136,724 | 135,249 |
| Reserved for retirement contributions | 767,639 | - |
| Unreserved: | | |
| Designated for subsequent year's expenditures | 2,430,000 | 900,000 |
| Undesignated | <u>4,293,885</u> | <u>4,293,885</u> |
| Total Fund Balance | <u>18,028,635</u> | <u>14,913,560</u> |
| Total Liabilities and Fund Balance | <u>\$ 22,642,132</u> | <u>\$ 20,440,325</u> |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED JUNE 30, 2009 AND 2008

| | 2009 | | | | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|---------------|-------------------|---|
| | Original Budget | Final Budget | Actual | Encumbr- ances | |
| Revenues: | | | | | |
| Real property taxes | \$ 95,824,257 | \$ 88,263,527 | \$ 88,261,677 | \$ | \$ (1,850) |
| Other tax items | - | 7,560,730 | 7,561,075 | | 345 |
| Non-property taxes | 750,000 | 750,000 | 771,106 | | 21,106 |
| Charges for services | 314,691 | 314,691 | 596,656 | | 281,965 |
| Use of money and property | 1,270,000 | 1,270,000 | 669,754 | | (600,246) |
| State aid | 8,063,186 | 8,063,186 | 8,438,118 | | 374,932 |
| Federal aid | - | - | 115,648 | | 115,648 |
| Miscellaneous | 225,000 | 286,596 | 836,178 | | 549,582 |
| Total Revenues | 106,447,134 | 106,508,730 | 107,250,212 | | 741,482 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General support: | | | | | |
| Board of education | 62,732 | 38,522 | 38,252 | 270 | - |
| Central administration | 360,178 | 350,913 | 350,413 | 500 | - |
| Finance | 1,111,666 | 1,117,406 | 1,111,901 | 5,505 | - |
| Staff | 687,946 | 628,988 | 600,602 | 28,386 | - |
| Central services | 9,736,799 | 10,339,025 | 9,059,632 | 1,279,393 | - |
| Special items | 1,426,601 | 2,130,076 | 2,130,076 | - | - |
| Total General Support | 13,385,922 | 14,604,930 | 13,290,876 | 1,314,054 | - |
| Instruction: | | | | | |
| Instruction, administration and improvement | 5,697,659 | 5,561,811 | 5,552,718 | 9,092 | 1 |
| Teaching - Regular school | 35,090,428 | 35,478,924 | 35,234,040 | 244,884 | - |
| Programs for children with handicapping conditions | 11,737,379 | 10,096,012 | 9,841,597 | 254,414 | 1 |
| Teaching - Special schools | 290,000 | 256,985 | 256,985 | - | - |
| Instructional media | 4,288,140 | 4,154,220 | 3,995,320 | 109,228 | 49,672 |
| Pupil services | 4,599,008 | 5,175,410 | 5,147,045 | 28,365 | - |
| Total Instruction | 61,702,614 | 60,723,362 | 60,027,705 | 645,983 | 49,674 |
| Pupil transportation | 5,908,424 | 5,665,154 | 5,639,336 | 25,818 | - |
| Community services | 22,322 | 19,634 | 19,634 | - | - |
| Employee benefits | 22,214,587 | 22,216,445 | 19,076,437 | 21,938 | 3,118,070 |
| Debt service - Interest | 300,000 | 366,756 | 366,756 | - | - |
| Total Expenditures | 103,533,869 | 103,596,281 | 98,420,744 | 2,007,793 | 3,167,744 |
| Excess of Revenues Over Expenditures | 2,913,265 | 2,912,449 | 8,829,468 | (2,007,793) | 3,909,226 |
| Other Financing Uses - Transfers out | (5,715,209) | (5,714,393) | (5,714,393) | - | - |
| Net Change in Fund Balance | (2,801,944) | (2,801,944) | 3,115,075 | \$ (2,007,793) | \$ 3,909,226 |
| Fund Balance - Beginning of Year | 2,801,944 | 2,801,944 | 14,913,560 | | |
| Fund Balance - End of Year | \$ - | \$ - | \$ 18,028,635 | | |

| 2008 | | | | |
|--------------------|-----------------|---------------|-------------------|---|
| Original Budget | Final Budget | Actual | Encumbr- ances | Variance with Final Budget Positive (Negative) |
| \$ 84,048,407 | \$ 84,047,496 | \$ 84,047,853 | \$ | \$ 357 |
| 8,012,549 | 8,013,460 | 8,044,127 | | 30,667 |
| 750,000 | 750,000 | 810,790 | | 60,790 |
| 354,691 | 354,691 | 407,830 | | 53,139 |
| 1,270,000 | 1,270,000 | 2,021,975 | | 751,975 |
| 6,428,898 | 6,452,983 | 7,943,690 | | 1,490,707 |
| - | 64,514 | 41,388 | | (23,126) |
| 225,000 | 265,191 | 546,799 | | 281,608 |
| 101,089,545 | 101,218,335 | 103,864,452 | | 2,646,117 |
| 62,678 | 40,268 | 39,793 | 475 | - |
| 349,025 | 337,573 | 336,923 | 650 | - |
| 1,084,530 | 969,042 | 964,467 | 4,575 | - |
| 642,384 | 570,925 | 570,925 | - | - |
| 8,733,642 | 9,180,766 | 8,411,904 | 768,862 | - |
| 1,373,699 | 1,284,985 | 1,280,384 | 4,601 | - |
| 12,245,958 | 12,383,559 | 11,604,396 | 779,163 | - |
| 5,450,030 | 5,336,584 | 5,312,373 | 24,211 | - |
| 33,466,212 | 32,547,478 | 32,083,823 | 463,655 | - |
| 11,159,706 | 11,123,661 | 10,994,939 | 128,722 | - |
| 311,565 | 300,934 | 300,934 | - | - |
| 3,849,801 | 4,029,139 | 3,661,746 | 367,392 | 1 |
| 4,336,018 | 4,192,524 | 4,139,319 | 53,196 | 9 |
| 58,573,332 | 57,530,320 | 56,493,134 | 1,037,176 | 10 |
| 5,456,953 | 5,653,018 | 5,653,018 | - | - |
| 21,158 | 21,158 | 21,158 | - | - |
| 21,339,720 | 21,652,360 | 18,754,003 | 85,605 | 2,812,752 |
| 350,000 | 279,620 | 279,620 | - | - |
| 97,987,121 | 97,520,035 | 92,805,329 | 1,901,944 | 2,812,762 |
| 3,102,424 | 3,698,300 | 11,059,123 | (1,901,944) | 5,458,879 |
| (5,245,559) | (5,841,435) | (5,841,435) | - | - |
| (2,143,135) | (2,143,135) | 5,217,688 | \$ (1,901,944) | \$ 5,458,879 |
| 2,143,135 | 2,143,135 | 9,695,872 | | |
| \$ - | \$ - | \$ 14,913,560 | | |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2009

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|---------------|---|
| REAL PROPERTY TAXES | \$ 95,824,257 | \$ 88,263,527 | \$ 88,261,677 | \$ (1,850) |
| OTHER TAX ITEMS | | | | |
| School tax relief reimbursement | - | 7,560,730 | 7,561,075 | 345 |
| NON-PROPERTY TAXES | | | | |
| Non-property tax distribution from County | 750,000 | 750,000 | 771,106 | 21,106 |
| CHARGES FOR SERVICES | | | | |
| Day school tuition | - | - | 24,491 | 24,491 |
| Continuing education tuition | 225,000 | 225,000 | 282,947 | 57,947 |
| Recreation | - | - | 22,205 | 22,205 |
| Cultural arts | - | - | 171,488 | 171,488 |
| Other student fees and charges | 89,691 | 89,691 | 95,525 | 5,834 |
| USE OF MONEY AND PROPERTY | 314,691 | 314,691 | 596,656 | 281,965 |
| Earnings on investments | 1,250,000 | 1,250,000 | 620,966 | (629,034) |
| Rental of real property | 20,000 | 20,000 | 48,788 | 28,788 |
| | 1,270,000 | 1,270,000 | 669,754 | (600,246) |

STATE AID

| | | | | |
|-------------------------------------|----------------|----------------|----------------|------------|
| Basic formula | 5,750,320 | 5,750,320 | 5,601,674 | (148,646) |
| BOCES | 550,000 | 550,000 | 676,561 | 126,561 |
| Textbooks | 180,000 | 180,000 | 188,990 | 8,990 |
| Lottery | 150,000 | 150,000 | 256,861 | 106,861 |
| Computer software | 50,000 | 50,000 | 64,070 | 14,070 |
| Library aid | 27,000 | 27,000 | 26,731 | (269) |
| Tuition aided handicapped | - | - | 189,843 | 189,843 |
| Tax limitation aid | 1,355,866 | 1,355,866 | 1,409,303 | 53,437 |
| State Emergency Management Agency | - | - | 24,085 | 24,085 |
| FEDERAL AID | 8,063,186 | 8,063,186 | 8,438,118 | 374,932 |
| Medical assistance | - | - | 51,135 | 51,135 |
| Federal Emergency Management Agency | - | - | 64,513 | 64,513 |
| MISCELLANEOUS | - | - | 115,648 | 115,648 |
| Refund of prior year's expenditures | 80,000 | 80,000 | 198,056 | 118,056 |
| Refund of BOCES aided services | - | - | 424,190 | 424,190 |
| Gifts and donations | - | 61,596 | 61,596 | - |
| Other | 145,000 | 145,000 | 152,336 | 7,336 |
| | 225,000 | 286,596 | 836,178 | 549,582 |
| TOTAL REVENUES | \$ 106,447,134 | \$ 106,508,730 | \$ 107,250,212 | \$ 741,482 |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2009

| | Original Budget | Final Budget | Actual | Encumbr- ances | Variance with Final Budget Positive (Negative) |
|---------------------------------|--------------------|-----------------|-----------|-------------------|---|
| GENERAL SUPPORT | | | | | |
| BOARD OF EDUCATION | | | | | |
| Board of education | \$ 26,909 | \$ 13,058 | \$ 12,788 | \$ 270 | \$ - |
| District clerk | 30,823 | 23,629 | 23,629 | - | - |
| District meeting | 5,000 | 1,835 | 1,835 | - | - |
| Total Board of Education | 62,732 | 38,522 | 38,252 | 270 | - |
| CENTRAL ADMINISTRATION | | | | | |
| Chief school administrator | 360,178 | 350,913 | 350,413 | 500 | - |
| FINANCE | | | | | |
| Business administration | 1,019,666 | 1,013,402 | 1,010,259 | 3,143 | - |
| Accounting and auditing | 92,000 | 104,004 | 101,642 | 2,362 | - |
| Total Finance | 1,111,666 | 1,117,406 | 1,111,901 | 5,505 | - |
| STAFF | | | | | |
| Legal | 250,000 | 250,000 | 221,614 | 28,386 | - |
| Personnel | 368,446 | 331,025 | 331,025 | - | - |
| Public information and services | 69,500 | 47,963 | 47,963 | - | - |
| Total Staff | 687,946 | 628,988 | 600,602 | 28,386 | - |

| | | | | |
|--------------------------------|------------|------------|------------|-----------|
| CENTRAL SERVICES | | | | |
| Operation of plant | 6,866,901 | 6,754,398 | 6,600,360 | 154,038 |
| Maintenance of plant | 2,869,898 | 3,584,627 | 2,459,272 | 1,125,355 |
| Total Central Services | 9,736,799 | 10,339,025 | 9,059,632 | 1,279,393 |
| SPECIAL ITEMS | | | | |
| Unallocated insurance | 385,000 | 317,710 | 317,710 | - |
| Judgments and claims | 101,000 | 189,826 | 189,826 | - |
| School association dues | 26,000 | 24,472 | 24,472 | - |
| Assessments on school property | 60,000 | 101,198 | 101,198 | - |
| Refunds of real property taxes | 50,000 | 730,116 | 730,116 | - |
| Administrative charge - BOCES | 804,601 | 766,754 | 766,754 | - |
| Total Special Items | 1,426,601 | 2,130,076 | 2,130,076 | - |
| Total General Support | 13,385,922 | 14,604,930 | 13,290,876 | 1,314,054 |

INSTRUCTION

INSTRUCTION, ADMINISTRATION AND IMPROVEMENT

| | | | | | |
|---|------------|------------|------------|---------|---|
| Curriculum development and supervision | 705,772 | 696,424 | 695,904 | 519 | 1 |
| Supervision - Regular school | 4,935,701 | 4,811,764 | 4,803,191 | 8,573 | - |
| Supervision - Special schools | 28,875 | 28,463 | 28,463 | - | - |
| Research, planning and evaluation | 27,311 | 25,160 | 25,160 | - | - |
| Total Instruction, Administration and Improvement | 5,697,659 | 5,561,811 | 5,552,718 | 9,092 | 1 |
| TEACHING - REGULAR SCHOOL | 35,090,428 | 35,478,924 | 35,234,040 | 244,884 | - |
| PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS | | | | | |
| Programs for students with disabilities | 11,737,379 | 10,096,012 | 9,841,597 | 254,414 | 1 |
| TEACHING - SPECIAL SCHOOLS | 290,000 | 256,985 | 256,985 | - | - |

(Continued)

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)
YEAR ENDED JUNE 30, 2009

| | Original Budget | Final Budget | Actual | Encumbrances | Variance with Final Budget Positive (Negative) |
|---|---------------------------|---------------------------|---------------------------|---------------------|---|
| INSTRUCTION (Continued) | | | | | |
| INSTRUCTIONAL MEDIA | | | | | |
| School library and audiovisual Computer assisted instruction | \$ 1,441,546 2,846,594 | \$ 1,425,339 2,728,881 | \$ 1,420,699 2,574,621 | \$ 4,639 104,589 | \$ 1 49,671 |
| Total Instructional Media | 4,288,140 | 4,154,220 | 3,995,320 | 109,228 | 49,672 |
| PUPIL SERVICES | | | | | |
| Attendance - Regular school | 35,343 | 31,596 | 31,596 | - | - |
| Guidance - Regular school | 2,108,052 | 1,949,973 | 1,949,973 | - | - |
| Health services - Regular school | 622,582 | 600,270 | 600,270 | - | - |
| Psychological services - Regular school | 305,582 | 1,120,810 | 1,120,810 | - | - |
| Co-curricular activities - Regular school | 395,896 | 355,045 | 355,045 | - | - |
| Interscholastic athletics - Regular school | 1,131,553 | 1,117,716 | 1,089,351 | 28,365 | - |
| Total Pupil Services | 4,599,008 | 5,175,410 | 5,147,045 | 28,365 | - |
| Total Instruction | 61,702,614 | 60,723,362 | 60,027,705 | 645,983 | 49,674 |
| PUPIL TRANSPORTATION | | | | | |
| Contract and public carrier transportation | 5,908,424 | 5,665,154 | 5,639,336 | 25,818 | - |
| COMMUNITY SERVICES | | | | | |
| Census | 22,322 | 19,634 | 19,634 | - | - |

EMPLOYEE BENEFITS

| | | | | | |
|--------------------------------|------------|------------|------------|--------|-----------|
| State retirement | 1,050,000 | 658,524 | 658,524 | - | - |
| Teachers' retirement | 3,815,000 | 3,608,671 | 3,483,901 | - | 124,770 |
| Social security | 4,250,000 | 3,986,131 | 3,986,131 | - | - |
| Hospital and medical insurance | 11,486,482 | 9,553,346 | 9,553,346 | - | - |
| Dental and vision insurance | 127,500 | 117,524 | 117,524 | - | - |
| Workers' compensation benefits | 300,000 | 298,593 | 298,593 | - | - |
| Unemployment benefits | 45,000 | 18,504 | 18,504 | - | - |
| Disability insurance | 19,000 | 19,648 | 19,648 | - | - |
| Life insurance | 36,000 | 34,244 | 34,244 | - | - |
| Union welfare benefits | 800,000 | 764,520 | 764,520 | - | - |
| Other benefits | 285,605 | 3,156,740 | 141,502 | 21,938 | 2,993,300 |
| Total Employee Benefits | 22,214,587 | 22,216,445 | 19,076,437 | 21,938 | 3,118,070 |

DEBT SERVICE

| | | | | | |
|-----------------------|-------------|-------------|------------|-----------|-----------|
| Interest - | | | | | |
| Tax anticipation note | 300,000 | 366,756 | 366,756 | - | - |
| TOTAL EXPENDITURES | 103,533,869 | 103,596,281 | 98,420,744 | 2,007,793 | 3,167,744 |

OTHER FINANCING USES

| | | | | | |
|----------------------------|-----------|-----------|-----------|---|---|
| Transfers out: | | | | | |
| Special Aid Fund | 120,000 | 119,184 | 119,184 | - | - |
| Capital Projects Fund | 430,675 | 430,675 | 430,675 | - | - |
| Debt Service Fund | 5,164,534 | 5,164,534 | 5,164,534 | - | - |
| TOTAL OTHER FINANCING USES | 5,715,209 | 5,714,393 | 5,714,393 | - | - |

TOTAL EXPENDITURES AND OTHER FINANCING USES

| | | | | |
|----------------|----------------|----------------|--------------|--------------|
| \$ 109,249,078 | \$ 109,310,674 | \$ 104,135,137 | \$ 2,007,793 | \$ 3,167,744 |
|----------------|----------------|----------------|--------------|--------------|

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CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SPECIAL AID FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2009 AND 2008

| | <u>2009</u> | <u>2008</u> |
|------------------------|-------------------|---------------------|
| <u>ASSETS</u> | | |
| Cash - Demand deposits | \$ 15,810 | \$ 18,238 |
| Receivables: | | |
| State and Federal aid | 781,019 | 624,339 |
| Due from other funds | - | 563,122 |
| | <u>781,019</u> | <u>1,187,461</u> |
| Total Assets | <u>\$ 796,829</u> | <u>\$ 1,205,699</u> |
| <u>LIABILITIES</u> | | |
| Accounts Payable | \$ - | 55,328 |
| Due to Other Funds | 796,529 | 1,149,780 |
| Deferred Revenues | <u>300</u> | <u>591</u> |
| Total Liabilities | <u>\$ 796,829</u> | <u>\$ 1,205,699</u> |

CHAPPAQUA 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, 2009 AND 2008

| | 2009 | | | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| State aid | \$ 476,738 | \$ 476,738 | \$ 476,738 | \$ - |
| Federal aid | 962,642 | 965,443 | 869,022 | (96,421) |
| Total Revenues | 1,439,380 | 1,442,181 | 1,345,760 | (96,421) |
| Expenditures - | | | | |
| Current - | | | | |
| Instruction | 1,559,380 | 1,561,365 | 1,464,944 | 96,421 |
| Deficiency of Revenues Over Expenditures | (120,000) | (119,184) | (119,184) | - |
| Other Financing Sources - | | | | |
| Transfers in | 120,000 | 119,184 | 119,184 | - |
| Net Change in Fund Balance | - | - | - | - |
| Fund Balance - | | | | |
| Beginning of Year | - | - | - | - |
| Fund Balance - End of Year | \$ - | \$ - | \$ - | \$ - |

| 2008 | | | |
|--------------------|-----------------|-------------|---|
| Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| \$ 523,768 | \$ (72,108) | \$ (72,108) | \$ - |
| 887,633 | 1,016,570 | 853,572 | (162,998) |
| 1,411,401 | 944,462 | 781,464 | (162,998) |
| 1,501,401 | 1,630,338 | 1,467,340 | 162,998 |
| (90,000) | (685,876) | (685,876) | - |
| 90,000 | 685,876 | 685,876 | - |
| - | - | - | - |
| - | - | - | - |
| \$ - | \$ - | \$ - | \$ - |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2009 AND 2008

| | <u>2009</u> | <u>2008</u> |
|-------------------------------------|-------------------|---------------------|
| <u>ASSETS</u> | | |
| Cash - Demand deposits | \$ 613,595 | \$ 2,634,203 |
| Due from Other Funds | <u>-</u> | <u>199,429</u> |
| Total Assets | <u>\$ 613,595</u> | <u>\$ 2,833,632</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities: | | |
| Retainages payable | \$ 52,200 | \$ - |
| Due to other funds | <u>117,407</u> | <u>4,981</u> |
| Total Liabilities | 169,607 | 4,981 |
| Fund Balance - | | |
| Unreserved and undesignated | <u>443,988</u> | <u>2,828,651</u> |
| Total Liabilities and Fund Balance | <u>\$ 613,595</u> | <u>\$ 2,833,632</u> |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED JUNE 30, 2009 AND 2008

| | 2009 | 2008 |
|--|-------------|--------------|
| Revenues | \$ - | \$ - |
| Expenditures - Capital outlay | 2,681,646 | 15,663 |
| Deficiency of Revenues Over Expenditures | (2,681,646) | (15,663) |
| Other Financing Sources (Uses): | | |
| Transfers in | 430,675 | - |
| Transfers out | (133,692) | - |
| Total Other Financing Sources | 296,983 | - |
| Net Change in Fund Balance | (2,384,663) | (15,663) |
| Fund Balance - Beginning of Year | 2,828,651 | 2,844,314 |
| Fund Balance - End of Year | \$ 443,988 | \$ 2,828,651 |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND

PROJECT-LENGTH SCHEDULE

INCEPTION OF PROJECT THROUGH JUNE 30, 2009

| PROJECT | Authorization | Expenditures and Transfers to Date | | |
|--|----------------------|------------------------------------|---------------------|----------------------|
| | | Prior Years | Current Year | Total |
| Reconstruction of School District Buildings | \$ 56,779,000 | \$ 56,541,308 | \$ 133,692 | \$ 56,675,000 |
| 1999-00 Funding | 277,934 | 308,948 | - | 308,948 |
| 2002-03 Funding | 399,500 | 485,864 | - | 485,864 |
| Replacement of High School Bleachers | 700,000 | 15,663 | 461,036 | 476,699 |
| Improvements to School District Buildings | 2,558,675 | - | 2,220,610 | 2,220,610 |
| Totals | <u>\$ 60,715,109</u> | <u>\$ 57,351,783</u> | <u>\$ 2,815,338</u> | <u>\$ 60,167,121</u> |

| Unexpended Balance | Methods of Financing | | | Fund Balance (Deficit) at June 30, 2009 |
|-----------------------|-------------------------------|---------------------|----------------------|--|
| | Proceeds of Obligations | Other | Totals | |
| \$ 104,000 | \$ 56,675,000 | \$ - | \$ 56,675,000 | \$ - |
| (31,014) | - | 277,934 | 277,934 | (31,014) |
| (86,364) | - | 399,500 | 399,500 | (86,364) |
| 223,301 | - | 700,000 | 700,000 | 223,301 |
| 338,065 | - | 2,558,675 | 2,558,675 | 338,065 |
| <u>\$ 547,988</u> | <u>\$ 56,675,000</u> | <u>\$ 3,936,109</u> | <u>\$ 60,611,109</u> | <u>\$ 443,988</u> |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009
(With Comparative Totals for 2008)

| | School Lunch | Special Purpose | Debt Service |
|--------------------------------------|-------------------|--------------------|-------------------|
| <u>ASSETS</u> | | | |
| Cash: | | | |
| Demand deposits | \$ 260,402 | \$ 47,819 | \$ 480,537 |
| Petty cash | 600 | - | - |
| | <u>261,002</u> | <u>47,819</u> | <u>480,537</u> |
| Receivables: | | | |
| State and Federal aid | 8,553 | - | - |
| Due from other funds | - | - | 117,378 |
| | <u>8,553</u> | <u>-</u> | <u>117,378</u> |
| Inventories | <u>6,205</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 275,760</u> | <u>\$ 47,819</u> | <u>\$ 597,915</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Due to other funds | \$ - | \$ - | \$ - |
| Deferred revenues | 45,810 | - | - |
| Total Liabilities | <u>45,810</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | |
| Reserved for inventories | 6,205 | - | - |
| Reserved for debt service | - | - | 597,915 |
| Reserved for trusts | - | 47,819 | - |
| Unreserved and undesignated | 223,745 | - | - |
| Total Fund Balances | <u>229,950</u> | <u>47,819</u> | <u>597,915</u> |
| Total Liabilities and Fund Balances | <u>\$ 275,760</u> | <u>\$ 47,819</u> | <u>\$ 597,915</u> |

| Total Non-Major Governmental Funds | |
|---------------------------------------|------------|
| 2009 | 2008 |
| \$ 788,758 | \$ 651,043 |
| 600 | 600 |
| 789,358 | 651,643 |
| 8,553 | 13,792 |
| 117,378 | 74,458 |
| 125,931 | 88,250 |
| 6,205 | 6,835 |
| \$ 921,494 | \$ 746,728 |
| \$ - | \$ 23 |
| 45,810 | 57,576 |
| 45,810 | 57,599 |
| 6,205 | 6,835 |
| 597,915 | 458,509 |
| 47,819 | 40,893 |
| 223,745 | 182,892 |
| 875,684 | 689,129 |
| \$ 921,494 | \$ 746,728 |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009
 (With Comparative Totals for 2008)

| | School Lunch | Special Purpose | Debt Service |
|--|-----------------|--------------------|-----------------|
| Revenues: | | | |
| Use of money and property | \$ 18,825 | \$ 208 | \$ 5,714 |
| State aid | 15,786 | - | - |
| Federal aid | 140,458 | - | - |
| Food sales | 1,797,303 | - | - |
| Miscellaneous | 13,797 | 9,990 | - |
| Total Revenues | 1,986,169 | 10,198 | 5,714 |
| Expenditures: | | | |
| Current: | | | |
| Cost of food sales | 1,945,946 | - | - |
| Other | - | 3,272 | - |
| Debt service: | | | |
| Principal | - | - | 2,820,000 |
| Interest | - | - | 2,344,534 |
| Total Expenditures | 1,945,946 | 3,272 | 5,164,534 |
| Excess (Deficiency) of Revenues Over Expenditures | 40,223 | 6,926 | (5,158,820) |
| Other Financing Sources - Transfers in | - | - | 5,298,226 |
| Net Change in Fund Balances | 40,223 | 6,926 | 139,406 |
| Fund Balances - Beginning of Year | 189,727 | 40,893 | 458,509 |
| Fund Balances - End of Year | \$ 229,950 | \$ 47,819 | \$ 597,915 |

| Total Non-Major Governmental Funds | |
|---------------------------------------|-------------------|
| 2009 | 2008 |
| \$ 24,747 | \$ 31,259 |
| 15,786 | 18,623 |
| 140,458 | 147,602 |
| 1,797,303 | 1,711,384 |
| 23,787 | - |
| <u>2,002,081</u> | <u>1,908,868</u> |
| 1,945,946 | 1,891,945 |
| 3,272 | 1,491 |
| 2,820,000 | 2,720,000 |
| <u>2,344,534</u> | <u>2,435,559</u> |
| <u>7,113,752</u> | <u>7,048,995</u> |
| (5,111,671) | (5,140,127) |
| <u>5,298,226</u> | <u>5,155,559</u> |
| 186,555 | 15,432 |
| <u>689,129</u> | <u>673,697</u> |
| <u>\$ 875,684</u> | <u>\$ 689,129</u> |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SCHOOL LUNCH FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2009 AND 2008

| | 2009 | 2008 |
|-------------------------------------|-------------------|-------------------|
| <u>ASSETS</u> | | |
| Cash: | | |
| Demand deposits | \$ 260,402 | \$ 151,618 |
| Petty Cash | 600 | 600 |
| | <u>261,002</u> | <u>152,218</u> |
| Receivables: | | |
| State and Federal aid | 8,553 | 13,792 |
| Due from other funds | - | 74,458 |
| | <u>8,553</u> | <u>88,250</u> |
| Inventories | <u>6,205</u> | <u>6,835</u> |
| Total Assets | <u>\$ 275,760</u> | <u>\$ 247,303</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities - Deferred revenues | <u>\$ 45,810</u> | <u>\$ 57,576</u> |
| Fund Balance: | | |
| Reserved for inventories | 6,205 | 6,835 |
| Unreserved and undesignated | <u>223,745</u> | <u>182,892</u> |
| Total Fund Balance | <u>229,950</u> | <u>189,727</u> |
| Total Liabilities and Fund Balance | <u>\$ 275,760</u> | <u>\$ 247,303</u> |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SCHOOL LUNCH FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEARS ENDED JUNE 30, 2009 AND 2008

| | <u>2009</u> | <u>2008</u> |
|--------------------------------------|-------------------|-------------------|
| Revenues: | | |
| Use of money and property | \$ 18,825 | \$ 15,192 |
| State aid | 15,786 | 18,623 |
| Federal aid | 140,458 | 147,602 |
| Food sales | 1,797,303 | 1,711,384 |
| Miscellaneous | <u>13,797</u> | <u>-</u> |
| Total Revenues | 1,986,169 | 1,892,801 |
| Expenditures - | | |
| Current - | | |
| Cost of food sales | <u>1,945,946</u> | <u>1,891,945</u> |
| Excess of Revenues Over Expenditures | 40,223 | 856 |
| Fund Balance - Beginning of Year | <u>189,727</u> | <u>188,871</u> |
| Fund Balance - End of Year | <u>\$ 229,950</u> | <u>\$ 189,727</u> |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SPECIAL PURPOSE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2009 AND 2008

| | <u>2009</u> | <u>2008</u> |
|------------------------|------------------|------------------|
| <u>ASSETS</u> | | |
| Cash - Demand deposits | <u>\$ 47,819</u> | <u>\$ 40,893</u> |
| <u>FUND BALANCE</u> | | |
| Reserved for Trusts | <u>\$ 47,819</u> | <u>\$ 40,893</u> |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SPECIAL PURPOSE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEARS ENDED JUNE 30, 2009 AND 2008

| | <u>2009</u> | <u>2008</u> |
|---|------------------|------------------|
| Revenues: | | |
| Use of money and property | \$ 208 | \$ 330 |
| Miscellaneous | <u>9,990</u> | <u>-</u> |
| Total Revenues | 10,198 | 330 |
| Expenditures - Current - Other | <u>3,272</u> | <u>1,491</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 6,926 | (1,161) |
| Fund Balance - Beginning of Year | <u>40,893</u> | <u>42,054</u> |
| Fund Balance - End of Year | <u>\$ 47,819</u> | <u>\$ 40,893</u> |

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CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2009 AND 2008

| | <u>2009</u> | <u>2008</u> |
|---|-------------------|-------------------|
| <u>ASSETS</u> | | |
| Cash - Demand Deposits | \$ 480,537 | \$ 458,532 |
| Due from Other Funds | <u>117,378</u> | <u>-</u> |
| Total Assets | <u>\$ 597,915</u> | <u>\$ 458,532</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities - Due to other funds | \$ - | \$ 23 |
| Fund Balance - Reserved for debt service | <u>597,915</u> | <u>458,509</u> |
| Total Liabilities and Fund Balance | <u>\$ 597,915</u> | <u>\$ 458,532</u> |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

DEBT SERVICE FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEARS ENDED JUNE 30, 2009 AND 2008

| | 2009 | | | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|-------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues - Use of money and property | \$ - | \$ - | \$ 5,714 | \$ 5,714 |
| Expenditures - | | | | |
| Debt Service - | | | | |
| Serial bonds: | | | | |
| Principal | 2,820,000 | 2,820,000 | 2,820,000 | - |
| Interest | 2,344,534 | 2,344,534 | 2,344,534 | - |
| Total Expenditures | 5,164,534 | 5,164,534 | 5,164,534 | - |
| Deficiency of Revenues Over Expenditures | (5,164,534) | (5,164,534) | (5,158,820) | 5,714 |
| Other Financing Sources - | | | | |
| Transfers in | 5,164,534 | 5,164,534 | 5,298,226 | 133,692 |
| Net Change in Fund Balance | - | - | 139,406 | 139,406 |
| Fund Balance - Beginning of Year | - | - | 458,509 | 458,509 |
| Fund Balance - End of Year | \$ - | \$ - | \$ 597,915 | \$ 597,915 |

| 2008 | | | |
|--------------------|-----------------|-------------|---|
| Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| \$ - | \$ - | \$ 15,737 | \$ 15,737 |
| 2,720,000 | 2,720,000 | 2,720,000 | - |
| 2,435,559 | 2,435,559 | 2,435,559 | - |
| 5,155,559 | 5,155,559 | 5,155,559 | - |
| (5,155,559) | (5,155,559) | (5,139,822) | 15,737 |
| 5,155,559 | 5,155,559 | 5,155,559 | - |
| - | - | 15,737 | 15,737 |
| - | - | 442,772 | 442,772 |
| \$ - | \$ - | \$ 458,509 | \$ 458,509 |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

ANALYSIS OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
YEAR ENDED JUNE 30, 2009

| | |
|--------------------------|------------------------------|
| Adopted Budget | \$ 107,347,134 |
| Additions - Encumbrances | <u>1,901,944</u> |
| Original Budget | 109,249,078 |
| Budget Amendments | <u>61,596</u> |
| Final Budget | <u><u>\$ 109,310,674</u></u> |

GENERAL FUND

ANALYSIS OF USE OF FUND BALANCE

AS OF THE BEGINNING OF THE YEAR ENDED JUNE 30, 2009

| | |
|---|----------------------------|
| Unreserved Fund Balance - Beginning of Year | \$ 5,193,885 |
| Less - Appropriated Fund Balance Used for Levy of Taxes | <u>900,000</u> |
| Undesignated Fund Balance | <u><u>\$ 4,293,885</u></u> |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES COMPARED

TO ST-3 DATA

YEAR ENDED JUNE 30, 2009

| | <u>Account Code</u> | <u>Amount Per ST-3</u> | <u>Audited Amount</u> |
|--|---------------------|----------------------------|---------------------------|
| REVENUES | | | |
| Real Property Taxes | A -1001 | \$ 88,261,677 | \$ 88,261,677 |
| Non-Property Taxes | AT-1199 | 771,106 | 771,106 |
| State Aid | AT-3999 | 8,438,118 | 8,438,118 |
| Federal Aid | AT-4999 | 115,648 | 115,648 |
| Total Revenues | AT-5999 | 107,250,212 | 107,250,212 |
| EXPENDITURES | | | |
| General Support | AT-1999 | 13,290,876 | 13,290,876 |
| Pupil Transportation | AT-5599 | 5,639,336 | 5,639,336 |
| Debt Service - Principal | AT-9798.6 | - | - |
| Debt Service - Interest | AT-9798.7 | 366,756 | 366,756 |
| Total Expenditures and Other Financing Uses | AT-9999 | \$ 104,135,137 | \$ 104,135,137 |

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK, NEW YORK

SCHEDULE OF INVESTED IN
CAPITAL ASSETS, NET OF RELATED DEBT
YEAR ENDED JUNE 30, 2009

| | | |
|--|-----------------|-----------------------------|
| Capital Assets, net | | \$ 111,103,069 |
| Less: | | |
| Bonds Payable | (52,575,000) | |
| Unamortized Portion of Premium | <u>(18,474)</u> | (52,593,474) |
| Plus: | | |
| Unamortized Portion of Issuance Costs | 28,449 | |
| Unamortized Portion of Loss | <u>138,149</u> | <u>166,598</u> |
| Invested in Capital Assets, net of Related Debt | | <u><u>\$ 58,676,193</u></u> |



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

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

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

We have audited the basic financial statements of the Chappaqua Central School District, New York as of and for the year ended June 30, 2009, and have issued our report thereon dated August 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Bennett Kielson Storch DeSantis Division

One Barker Avenue, White Plains, New York 10601 914.421.5600 tel 914.421.5099 fax www.odmd.com

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Chappaqua Central School District, New York in a separate letter.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP
Bennett Kielson Storch DeSantis Division
August 7, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the Chappaqua Central School District, New York with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Chappaqua Central School District, New York's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Chappaqua Central School District, New York's management. Our responsibility is to express an opinion on the Chappaqua Central School District, New York's, compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Chappaqua Central School District, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Chappaqua Central School District, New York's compliance with those requirements.

In our opinion, Chappaqua Central School District, New York complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Chappaqua Central School District, New York is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Chappaqua Central School District, New York's

of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Chappaqua Central School District, New York's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP
Bennett Kielson Storch DeSantis Division
August 7, 2009

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

| <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: | | |
| National School Lunch Program - Commodities | 10.555 | \$ 75,378 |
| School Breakfast Program | 10.553 | 1,540 |
| National School Lunch Program - Cash | 10.555 | <u>63,540</u> |
| Total U.S. Department of Agriculture | | <u>140,458</u> |
| <u>U.S. Department of Education</u> | | |
| Indirect Programs - Passed through New York State Department of Education: | | |
| Chapter I Programs - Local Educational Agencies | 84.010 | 45,862 |
| Special Education - State Grants | 84.027 | 694,217 |
| Innovative Education Program Strategies | 84.298 | 2,221 |
| Special Education - Preschool Grants | 84.173 | 18,095 |
| Drug Free Schools and Communities - State Grants | 84.186 | 2,742 |
| Improving Teacher Quality - State Grant | 84.367 | 104,500 |
| Education Technology State Grants | 84.318 | <u>1,385</u> |
| Total U.S. Department of Education | | <u>869,022</u> |
| <u>U.S. Department of Homeland Security</u> | | |
| Indirect Programs - Passed through New York State Emergency Management Office | | |
| FEMA Disaster Assistance | 83.544 | <u>64,513</u> |
| Total | | <u>\$ 1,073,993</u> |

(1) Catalog of Federal Domestic Assistance number.

See Notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all federal award programs for the year ended June 30, 2009. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule.

2. *Basis of Accounting*

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

3. *Relationship to Financial Statements*

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

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

___ 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 that are not considered to be material weakness(es)?

___ Yes ___ X No

___ Yes ___ X None reported

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of 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:

\$300,000

Auditee qualified as low-risk auditee?

___ X Yes ___ No

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Concluded)
YEAR ENDED JUNE 30, 2009

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2009

None