

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2012

WITH INDEPENDENT AUDITORS' REPORT

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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 ("School District") as of and for the year ended June 30, 2012, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District as of June 30, 2012 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 17, 2012 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

O'CONNOR DAVIES, LLP

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

August 17, 2012

**Chappaqua Central School District, New York
Management's Discussion and Analysis (MD&A)
June 30, 2012**

Introduction

This discussion and analysis of the Chappaqua Central School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2012. 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 which immediately follow this section.

Financial Highlights

Key financial highlights for fiscal year 2011-12 are as follows:

- New York State Law limits the amount of unassigned (formerly known as 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 unassigned fund balance of the General Fund is \$4,488,000. The unassigned fund balance of the General Fund is 3.99% of the 2012-13 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 \$24,252,778, an increase of \$3,465,326 from the prior year. \$2,871,586 of which came from the lease purchase borrowing for the energy performance contract (\$6,010,000 was borrowed and the District still has \$2,871,586 remaining on hand in the Capital Projects Reserve). Fund balance for the General Fund increased by \$986,622, from \$20,084,185 to \$21,070,807. However, \$3,000,000 of the fund balance from the General Fund has been assigned (appropriated) for the subsequent year's budget to reduce the tax levy increase. In addition, the Board of Education approved a proposed consent judgment in a tax certiorari proceeding in June 2012 totaling \$933,895 and the funding source of this payment will be the Tax Certiorari Reserve. With these two commitments, the fund balance in the General Fund will be reduced to \$17,136,912.
- On the district-wide financial statements, the assets of the District exceeded liabilities (net assets) at the close of the fiscal year by \$68,601,849. The District's total net assets increased by \$88,965 for the year ended June 30, 2012. In last year's financial statements we indicated that we would see decreases in Net Assets due to the requirement to record "other post employment benefit obligations (OPEB)" (GASB 45) as a liability in the future years to come. At year end, June 30, 2012, OPEB increased from \$9,059,096 to \$10,705,305, an increase of \$1,646,209. However, during the

2011-12 school year, the growth of assets outpaced the growth of liabilities and therefore resulted a slight increase in Net Assets.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) District-wide financial statements, (2) fund financial statements and (3) notes to 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 District include instruction, pupil transportation, community services, cost of food sales, other interests, 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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, unlike the District-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the 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 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 District has elected to report them as major funds.
- The 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.
- Fiduciary Funds are used to account for assets held by the School District in an agency capacity: 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.

The Chappaqua Central School District completed its valuation of costs for post employment benefits valuation in accordance with Government Accounting Standards Board (GASB) No. 43 & 45 for the fiscal year July 1, 2011 to June 30, 2012 based on the input of qualified actuaries. The opinion formed by such actuaries and the underlying actuarial methods, considerations, and analyses conform to the appropriate Standards of Practice and Guidelines of the Actuarial Standards Board. We believe that the assumptions used for the valuation and the reporting of results are consistent with assumptions, benefits and provisions for similar school districts in the county of Westchester, the state of New York and nationally. The actuarial report also includes results under various scenarios based on different assumptions for key factors such as healthcare cost inflation, future retirees contribution rates and discount rates, which by their nature are estimates and subject to change. A change in one or more of these factors could have a significant effect on the valuation of the unfunded accrued liability and the difference could be material. More detailed information about the District's "Other Post

Employment Benefit Obligations” is presented in the notes to the financial statements (Note 3, F - Long-Term Liabilities – Other Post Employment Benefit Obligations).

For the full GASB 45 report, please visit the District website at:
http://www.ccsd.ws/files/filesystem/GASB4345_20110701-20120630.pdf

District-Wide Financial Analysis

Net assets may serve over time as a useful indicator of the District’s financial position. In the case of the Chappaqua Central School District, assets exceeded liabilities (net assets) by \$68,601,849 at the close of the current fiscal year.

Net Assets

	<u>2011-12</u>	<u>2010-11</u>
Current Assets	\$ 31,972,299	\$ 27,551,819
Capital Assets, net	<u>108,912,507</u>	<u>107,293,995</u>
Total Assets	<u>140,884,806</u>	<u>134,845,814</u>
Current Liabilities	8,210,854	10,434,369
Long-term Liabilities	<u>64,072,103</u>	<u>55,898,561</u>
Total Liabilities	<u>72,282,957</u>	<u>66,332,930</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	61,850,262	61,186,921
Restricted for:		
Capital Projects	375,845	25,610
Special Purpose	41,692	44,211
Debt Service	-	367,428
Unemployment Benefits	150,561	150,518
Property Loss	59,063	59,046
Insurance	210,210	210,150
Liability Claims	218,512	218,450
Tax Certiorari	4,263,016	3,328,170
Repairs	137,084	137,001
Retirement Contributions	3,509,354	4,073,312
School Lunch	268,693	266,018
Unrestricted	<u>(2,482,443)</u>	<u>(1,553,951)</u>
Total Net Assets	<u>\$ 68,601,849</u>	<u>\$ 68,512,884</u>

By far, the largest component of the District's net assets (90.2%) 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. For the 2011-12 school year, District budgeted \$2,810,000 in its General Fund to pay off the scheduled capital debt principal payment. During this school year, the District issued debt for it Phase I of the Energy Performance Contract in the amount of \$6,010,000 and therefore both the assets and liabilities increase by that amount.

Those assets subject to external restrictions constitute \$9,234,030 of net assets, which include restriction for retirement contributions of \$3,509,354 and tax certiorari of \$4,263,016. Unrestricted assets is a negative \$2,482,443, a decrease of \$928,492 from the prior year. This decrease is largely attributable to the increase in the OPEB accrual. Restricted and unrestricted assets combined represents 9.8% of the net assets.

Changes in Net Assets

	<u>2011-12</u>	<u>2010-11</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,545,217	\$ 2,546,421
Operating Grants and Contributions	2,945,518	3,490,120
Capital Grants and Contributions	<u>430,044</u>	<u>781</u>
Total Program Revenues	<u>5,920,779</u>	<u>6,037,322</u>
General Revenues:		
Real Property Taxes	92,587,729	90,386,852
Other Tax Items (STAR)	6,359,999	7,667,463
Non-Property Taxes	768,544	764,290
Unrestricted Use of Money and Property	149,881	198,693
Unrestricted State Aid	6,399,901	5,526,240
Unrestricted Federal Aid	-	419,018
Miscellaneous	<u>778,428</u>	<u>651,206</u>
Total General Revenues	<u>107,044,482</u>	<u>105,613,762</u>
Total Revenues	<u>112,965,261</u>	<u>111,651,084</u>
Program Expenses:		
General Support	13,945,434	15,287,966
Instruction	88,752,604	87,577,367
Pupil Transportation	6,223,953	5,876,282
Community Services	18,977	18,977
Cost of Food Sales	2,036,629	1,910,000
Other	2,873	2,837
Interest	<u>1,895,826</u>	<u>1,622,599</u>
Total Expenses	<u>112,876,296</u>	<u>112,296,028</u>
Change in Net Assets	88,965	(644,944)
Net Assets - Beginning	<u>68,512,884</u>	<u>69,157,828</u>
Net Assets - Ending	<u>\$ 68,601,849</u>	<u>\$ 68,512,884</u>

The District's net assets increased by \$88,965, which represents approximately 0.13% of the total net assets. The District saw an increase of total assets in the amount of \$6,038,992 and an increase of total liabilities in the amount of \$5,950,027 due to debt issue for the energy performance contract. Thus, the District maintains a similar financial condition to the previous year. As presented on the following graphs, the District relies upon real property taxes and other tax items (STAR) as its primary revenue sources (87.59%).

The major changes from 2010-11 to 2011-12 are as follows:

Revenues:

The District's total program revenues decreased by \$116,543, general revenues increased by \$1,430,720 and the total revenues increased by \$1,314,177. The primary elements of this increase were:

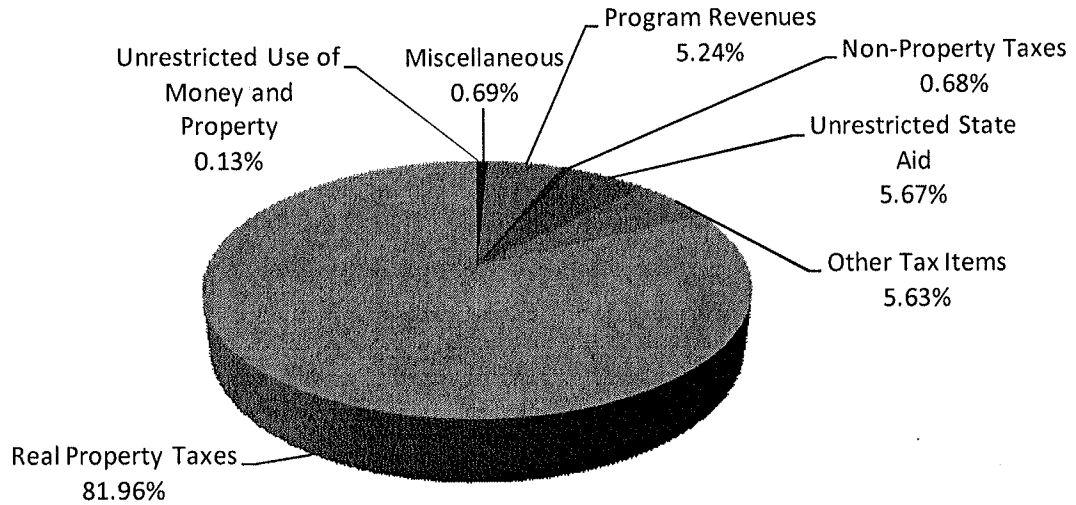
- State Aid increased by \$873,661, due to an increase in several aids.
- Federal Aid decreased by \$419,018, due to the discontinuance of Federal stimulus funds to school districts.
- Other Tax Items - STAR (School Tax Relief Program) decreased by \$1,307,464.
- Real Property Taxes (excluding STAR) increased by \$2,200,877, or 2.43%. Even with the increase of this amount of Real Property Taxes, the total revenues only increased by \$1,314,177. This is the result of the decrease of funding from STAR and Federal Aid.

Expenses:

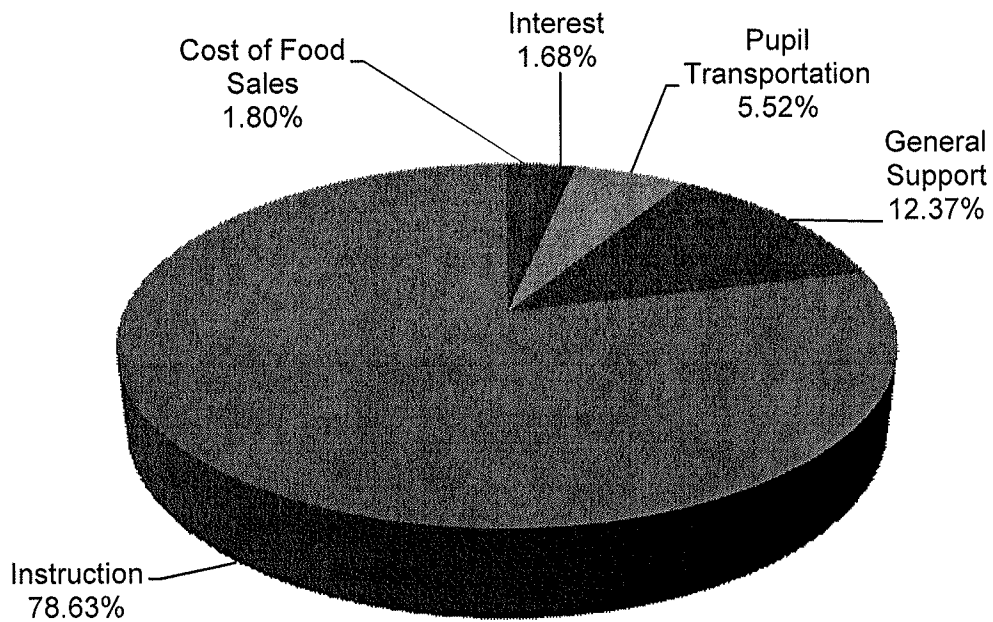
The District's program expenses increased by \$580,268. The highlights were:

- General Support saw a decrease of \$1,342,532 due to a cut back in operations expenses and a reduction of \$372,680 of BOCES administrative services charge in order for it to return to the District its share of the "Post Employment Retiree Benefits: accrual funds" that BOCES collected during the last few years.
- Instruction saw an increase of \$1,175,237 which reflected increases in salaries and benefits (pension contributions and health insurance premiums).
- Pupil Transportation, Community Services and Cost of Food Sales all showed a small variance when compared to the prior year.

Revenue for Fiscal Year 2011-12 Governmental Activities



Expenses for Fiscal Year 2011-12 Governmental Activities



Financial Analysis of the School District's Funds

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

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the 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 District's governmental funds reported combined fund balances of \$24,252,778, an increase of \$3,465,326 from the prior year. \$3,000,000 of such fund balance has been assigned (appropriated) for the 2012-13 budget to reduce the tax levy.

The District's fund balance for the General Fund increased \$986,622, from \$20,084,185 to \$21,070,807 during the current fiscal year.

General Fund revenues exceeded the final budget by \$1,434,656. The two largest positive variances were: \$635,785 for State Aid and \$687,464 for Miscellaneous Revenues of which \$525,164 came from Refund of Prior Year's Expenditures. The largest negative variance of \$98,896 was in Earnings on Investments which represented the low interest rates during the school year.

General Fund expenditures for 2011-12 were \$3,648,775 less than the final budget, after the deduction of \$1,505,424 for encumbrances. Positive variances were shown in the following areas: General Support: \$329,025, Instruction: \$2,048,055, Pupil Transportation: \$26,512, Employee Benefits: \$758,944 and Debt Service: \$486,239.

For the General Fund, the total revenues exceeded total expenditures by \$986,622, excluding encumbrances.

The Capital Projects Fund (Restricted Fund Balance) showed a fund balance of \$2,871,586. Other Governmental Funds showed a combined fund balance of \$310,385, consisting of \$2,456 of Non-spendable Fund Balance, \$41,692 of Restricted Fund Balance, and \$266,237 of Assigned Fund Balance.

General Fund Budgetary Highlights

The original expenditure budget and the final amended budget showed a small variance of \$32,503. These budget modifications were made up mainly from gifts.

Fund Balance Analysis

Fund balance of the General Fund is made up of four categories and they are illustrated below:

June 30, 2012

Non-spendable	\$ 27,440
Restricted	12,049,943
Assigned	4,505,424
Unassigned	<u>4,488,000</u>
 Total	 <u>\$ 21,070,807</u>

By far the largest category of fund balance is in "Restricted" and these funds were established and set aside for very specific purposes. The "Assigned" fund balance consists of two parts: \$1,505,424 is reserved for encumbrances – commitments made by the District for goods or services, and \$3,000,000 is the reserve designated for the 2012-13 budget. The remainder of \$4,488,000 is "Unassigned" fund balance and as we previously mentioned this is the amount that is available for spending at the discretion of the District. At the end of the day, fund balance is an indicator of the financial strength of a school district.

The actual amount of fund balance in each reserve category is presented in Note 3. I – Fund Balances.

Capital Assets

At the end of June 30, 2012 the District had \$108,912,507 net of accumulated depreciation invested in a broad range of capital assets, including land, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below.

<u>Class</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Land	\$ 2,177,700	\$ 2,177,700
Construction in Progress	3,681,676	18,220
Buildings and Improvements	101,260,461	103,157,898
Machinery and Equipment	<u>1,792,670</u>	<u>1,940,177</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 108,912,507</u>	<u>\$107,293,995</u>

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

Long-Term Liabilities

As of June 30, 2012, the District had \$42,475,000 in general obligation debt and other long-term liabilities outstanding, as follows:

	<u>2011-12</u>	<u>2010-11</u>
Bonds Payable	\$ 43,576,667	\$ 46,409,728
Energy Performance Contract Debt	6,010,000	-
Installment Purchase Debt	264,311	-
Compensated Absences	3,515,820	3,599,737
Other Post Employment Benefit Obligations Payable	<u>10,705,305</u>	<u>9,059,096</u>
Total	<u>\$ 64,072,103</u>	<u>\$ 59,068,561</u>

Long-term liabilities are made up of five figures: bonds payable, energy performance contract debt, installment purchase debt, compensated absences and other post employment benefit obligations. Bonds payable saw a decrease of \$2,810,000. The District is paying down its bond debt and did not take on additional such debt. As stated earlier, the District borrowed \$6,010,000 in energy performance contract debt during the school year and had not made a principal payment. Installment purchase debt is not a new debt but is the first time recorded here as debt. In the past, such debt was reported in Technology budget. Due to the new Tax Cap Calculations such capital debts are recorded in the debt service. Compensated absences saw a decrease of \$83,917 due to a reduction of staffing. Other post employment benefit obligations saw an increase of \$1,646,209. This is the fourth year that a public entity is required to record such obligations (the full amount is being amortized over 30 years). The net impact of the above-mentioned factors increased the District's long-term liabilities by \$5,003,542.

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

Summary

The Chappaqua Central School District is financially solid. Overall, the financial position of the District for year ended June 30, 2012 is similar to the prior fiscal year. The District's net assets increased by \$88,965 (0.13%) even after taking into consideration the requirement to record other post employment benefit obligations (GASB 45) of \$10,705,305 which represents an increase of \$1,646,209 over school year 2010-11.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the 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

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CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 26,352,940
Restricted cash	2,779,811
Receivables:	
Accounts	113,234
State and Federal aid	2,419,093
Prepaid expenses	27,440
Inventories	2,456
Deferred charges	277,325
Capital assets:	
Being depreciated	5,859,376
Not being depreciated, net	103,053,131
Total Assets	140,884,806
LIABILITIES	
Accounts payable	91,532
Accrued liabilities	866,280
Retainages payable	47,245
Due to retirement systems	6,188,355
Due to other governments	155,124
Unearned revenues	93,660
Accrued interest payable	768,658
Non-current liabilities:	
Due within one year	3,019,270
Due in more than one year	61,052,833
Total Liabilities	72,282,957
NET ASSETS	
Invested in capital assets, net of related debt	61,850,262
Restricted for:	
Capital projects	375,845
Tax certiorari	4,263,016
Unemployment benefits	150,561
Property loss	59,063
Insurance	210,210
Liability claims	218,512
Repairs	137,084
Retirement contributions	3,509,354
Special purposes	41,692
School lunch	268,693
Unrestricted	(2,482,443)
Total Net Assets	\$ 68,601,849

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, 2012

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	\$ 13,945,434	\$ 145,386	\$ 177,499	\$ -	\$ (13,622,549)
Instruction	88,752,604	480,094	2,485,594	429,994	(85,356,922)
Pupil transportation	6,223,953	-	-	-	(6,223,953)
Community services	18,977	1,587	-	-	(17,390)
Cost of food sales	2,036,629	1,918,150	121,154	-	2,675
Other	2,873	-	11	-	(2,862)
Interest	1,895,826	-	-	50	(1,895,776)
Total Governmental Activities	<u>\$ 112,876,296</u>	<u>\$ 2,545,217</u>	<u>\$ 2,784,258</u>	<u>\$ 430,044</u>	<u>(107,116,777)</u>
General Revenues:					
Real property taxes					92,587,729
Other tax items -					
School tax relief reimbursement					6,359,999
Non-property taxes -					
Non-property tax distribution from County					768,544
Unrestricted use of money and property					149,881
Unrestricted State aid					6,399,901
Miscellaneous					<u>939,688</u>
Total General Revenues					<u>107,205,742</u>
Change in Net Assets					88,965
Net Assets - Beginning					<u>68,512,884</u>
Net Assets - Ending					<u>\$ 68,601,849</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, 2012

	General	Special Aid	Capital Projects
ASSETS			
Cash and Equivalents	\$ 25,837,092	\$ 49,759	\$ 157,113
Restricted Cash	-	-	2,779,811
Receivables:			
Accounts	100,969	-	-
State and Federal aid	838,624	1,569,278	-
Due from other funds	1,627,951	-	-
Prepaid Expenditures	27,440	-	-
Inventories	-	-	-
Total Assets	<u>\$ 28,432,076</u>	<u>\$ 1,619,037</u>	<u>\$ 2,936,924</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 82,395	\$ 9,137	\$ -
Accrued liabilities	866,280	-	-
Retainages payable	-	-	47,245
Due to other funds	59,364	1,609,858	18,093
Due to retirement systems	6,188,355	-	-
Due to other governments	155,124	-	-
Deferred revenues	9,751	42	-
Total Liabilities	<u>7,361,269</u>	<u>1,619,037</u>	<u>65,338</u>
Fund Balances:			
Nonspendable	27,440	-	-
Restricted	12,049,943	-	2,871,586
Assigned	4,505,424	-	-
Unassigned	4,488,000	-	-
Total Fund Balances	<u>21,070,807</u>	<u>-</u>	<u>2,871,586</u>
Total Liabilities and Fund Balances	<u>\$ 28,432,076</u>	<u>\$ 1,619,037</u>	<u>\$ 2,936,924</u>

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

Other Governmental	Total Governmental Funds
\$ 308,976	\$ 26,352,940
-	2,779,811
12,265	113,234
11,191	2,419,093
59,364	1,687,315
-	27,440
2,456	2,456
<u>\$ 394,252</u>	<u>\$ 33,382,289</u>

\$ -	\$ 91,532
-	866,280
-	47,245
-	1,687,315
-	6,188,355
-	155,124
83,867	93,660
<u>83,867</u>	<u>9,129,511</u>

2,456	29,896
41,692	14,963,221
266,237	4,771,661
-	4,488,000
<u>310,385</u>	<u>24,252,778</u>
<u>\$ 394,252</u>	<u>\$ 33,382,289</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, 2012

Fund Balances - Total Governmental Funds	<u>\$ 24,252,778</u>
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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.	<u>108,912,507</u>
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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	<u>277,325</u>
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Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(768,658)
Bonds payable	(43,576,667)
Compensated absences	(3,515,820)
Other post employment benefit obligations payable	(10,705,305)
Energy performance contract debt payable	(6,010,000)
Installment purchase debt payable	<u>(264,311)</u>
	<u>(64,840,761)</u>

Net Assets of Governmental Activities	<u><u>\$ 68,601,849</u></u>
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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, 2012

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 92,587,729	\$ -	\$ -
Other tax items	6,359,999	-	-
Non-property taxes	768,544	-	-
Charges for services	481,681	-	-
Use of money and property	296,490	-	-
State aid	6,980,000	640,000	-
Federal aid	42,659	1,190,333	268,404
Food sales	-	-	-
Miscellaneous	1,148,467	-	161,590
Total Revenues	108,665,569	1,830,333	429,994
EXPENDITURES			
Current:			
General support	12,459,471	-	-
Instruction	61,560,053	1,990,333	-
Pupil transportation	6,208,460	-	-
Community services	18,977	-	-
Employee benefits	22,695,828	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service:			
Principal	2,904,645	-	-
Interest	1,952,885	-	-
Capital outlay	-	-	4,039,080
Total Expenditures	107,800,319	1,990,333	4,039,080
Excess (Deficiency) of Revenues Over Expenditures	865,250	(160,000)	(3,609,086)
OTHER FINANCING SOURCES (USES)			
Energy performance contract debt issued	-	-	6,010,000
Installment purchase debt issued	-	-	358,956
Transfers in	381,372	160,000	100,000
Transfers out	(260,000)	-	(13,894)
Total Other Financing Sources (Uses)	121,372	160,000	6,455,062
Net Change in Fund Balances	986,622	-	2,845,976
Fund Balances - Beginning of Year	20,084,185	-	25,610
Fund Balances - End of Year	\$ 21,070,807	\$ -	\$ 2,871,586

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

Other Governmental	Total Governmental Funds
\$ -	\$ 92,587,729
-	6,359,999
-	768,544
-	481,681
515	297,005
14,910	7,634,910
105,790	1,607,186
1,877,974	1,877,974
40,176	1,350,233
<u>2,039,365</u>	<u>112,965,261</u>
-	12,459,471
-	63,550,386
-	6,208,460
-	18,977
-	22,695,828
2,036,629	2,036,629
2,530	2,530
-	2,904,645
-	1,952,885
-	4,039,080
<u>2,039,159</u>	<u>115,868,891</u>
<u>206</u>	<u>(2,903,630)</u>
-	6,010,000
-	358,956
-	641,372
<u>(367,478)</u>	<u>(641,372)</u>
<u>(367,478)</u>	<u>6,368,956</u>
<u>(367,272)</u>	<u>3,465,326</u>
<u>677,657</u>	<u>20,787,452</u>
<u>\$ 310,385</u>	<u>\$ 24,252,778</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, 2012

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

Net Change in Fund Balances - Total Governmental Funds	\$ 3,465,326
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay expenditures	4,719,139
Depreciation expense	<u>(3,100,627)</u>
	<u>1,618,512</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.

Energy performance contract debt issued	(6,010,000)
Installment purchase debt issued	(358,956)
Principal paid on serial bonds	2,810,000
Principal paid on installment purchase debt	94,645
Amortization of issuance costs, loss on refunding bonds and issuance premium	<u>(2,268)</u>
	<u>(3,466,579)</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	33,998
Compensated absences	83,917
Other post employment benefit obligations	<u>(1,646,209)</u>
	<u>(1,528,294)</u>

Change in Net Assets of Governmental Activities	<u>\$ 88,965</u>
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The notes to 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, 2012

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 92,587,729	\$ 92,584,583	\$ 92,587,729	\$ 3,146
Other tax items	6,356,853	6,359,999	6,359,999	-
Non-property taxes	725,000	725,000	768,544	43,544
Charges for services	431,191	431,191	481,681	50,490
Use of money and property	325,000	325,000	296,490	(28,510)
State aid	6,344,215	6,344,215	6,980,000	635,785
Federal aid	-	-	42,659	42,659
Miscellaneous	428,500	461,003	1,148,467	687,464
Total Revenues	107,198,488	107,230,991	108,665,569	1,434,578
EXPENDITURES				
Current:				
General support	12,883,509	13,674,607	12,459,471	1,215,136
Instruction	63,851,060	64,227,421	61,560,053	2,667,368
Pupil transportation	6,134,433	6,234,972	6,208,460	26,512
Community services	18,977	18,977	18,977	-
Employee benefits	24,382,066	23,454,772	22,695,828	758,944
Debt service:				
Principal	2,810,000	2,904,645	2,904,645	-
Interest	2,841,970	2,439,124	1,952,885	486,239
Total Expenditures	112,922,015	112,954,518	107,800,319	5,154,199
Excess (Deficiency) of Revenues Over Expenditures	(5,723,527)	(5,723,527)	865,250	6,588,777
OTHER FINANCING SOURCES (USES)				
Transfers in	381,294	381,294	381,372	78
Transfers out	(260,000)	(260,000)	(260,000)	-
Total Other Financing Sources	121,294	121,294	121,372	78
Net Change in Fund Balances	(5,602,233)	(5,602,233)	986,622	6,588,855
Fund Balances - Beginning of Year	5,602,233	5,602,233	20,084,185	14,481,952
Fund Balances - End of Year	\$ -	\$ -	\$ 21,070,807	\$ 21,070,807

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
640,000	640,000	640,000	-
1,236,586	1,245,791	1,190,333	(55,458)
-	-	-	-
1,876,586	1,885,791	1,830,333	(55,458)
-	-	-	-
2,036,586	2,045,791	1,990,333	55,458
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,036,586	2,045,791	1,990,333	55,458
(160,000)	(160,000)	(160,000)	-
160,000	160,000	160,000	-
-	-	-	-
160,000	160,000	160,000	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2012

	<u>Agency</u>
ASSETS	
Cash and Equivalents	\$ 376,604
Accounts receivable	<u>9,731</u>
 Total Assets	 <u><u>\$ 386,335</u></u>
 LIABILITIES	
Accounts Payable	\$ 1,288
Employee Payroll Deductions	280,197
Deposits Payable	42,805
Student Activity Funds	<u>62,045</u>
 Total Liabilities	 <u><u>\$ 386,335</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, 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.

B. District-Wide Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Separate financial statements are provided for governmental 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.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Special Revenue Funds:

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the

Note 1 - Summary of Significant Accounting Policies (Continued)

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

E. Assets, Liabilities and Net Assets or Fund Balances**Deposits and Risk Disclosure**

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

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

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, 2012.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Restricted Cash – Restricted cash in the Capital Projects Fund consists of funds held by a financial institution. These funds are to be used for the District Wide Energy Improvements project.

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, 2012, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Inventories - Inventories in the School Lunch Fund 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 nonspendable 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 \$9,751 in the General Fund for fees received in advance, \$42 in the Special Aid Fund for Federal aid received in advance and \$83,867 in the School Lunch Fund for meals purchased in advance. 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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, tax certiorari, unemployment benefits, property loss, insurance, liability claims, repairs, retirement contributions, special purposes and school lunch. The balance is classified as unrestricted.

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

F. Encumbrances

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

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is August 17, 2012.

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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- e) If the voters reject the budget, the Board of Education may resubmit the budget to the voters only once in revised form or as originally issued. The Board may also elect to adopt a contingent budget without voter approval. The contingent budget includes all expenditures needed to provide the minimum services legally required. Total spending under a contingency budget cannot increase by more than 4% or 120% of the Consumer Price Index, whichever is lower. In addition, the administrative budget segment, exclusive of the capital component, may not comprise a greater percentage of the budget than the lesser of either (1) the comparable percentage of the prior year's budget or (2) the comparable percentage of the last defeated budget. (See Note 6).
- f) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g) Budgets for General and Special Aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch or Special Purpose funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

B. Limitation on Fund Balance

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

C. Capital Projects Fund Deficit

The deficit in the Horace Greely High School Turf and Roof capital project arises because of expenditures exceeding current financing on the project. This deficit will be eliminated with the receipt or issuance of authorized financing.

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

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, 2012 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 1,627,951	\$ 59,364
Special Aid	-	1,609,858
Capital Projects	-	18,093
Non-Major Governmental	59,364	-
	<u>\$ 1,687,315</u>	<u>\$ 1,687,315</u>

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

B. Capital Assets

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

<u>Class</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Capital Assets, not being depreciated:				
Land	\$ 2,177,700	\$ -	\$ -	\$ 2,177,700
Construction-in-progress	18,220	3,681,676	18,220	3,681,676
Total Capital Assets, not being depreciated	<u>\$ 2,195,920</u>	<u>\$ 3,681,676</u>	<u>\$ 18,220</u>	<u>\$ 5,859,376</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 140,246,948	\$ 863,019	\$ -	\$ 141,109,967
Machinery and Equipment	4,079,579	192,664	37,500	4,234,743
Total Capital Assets, being depreciated	<u>144,326,527</u>	<u>1,055,683</u>	<u>37,500</u>	<u>145,344,710</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	37,089,050	2,760,456	-	39,849,506
Machinery and Equipment	2,139,402	340,171	37,500	2,442,073
Total Accumulated Depreciation	<u>39,228,452</u>	<u>3,100,627</u>	<u>37,500</u>	<u>42,291,579</u>
Total Capital Assets, being depreciated, net	<u>\$ 105,098,075</u>	<u>\$ (2,044,944)</u>	<u>\$ -</u>	<u>\$ 103,053,131</u>
Capital Assets, net	<u>\$ 107,293,995</u>	<u>\$ 1,636,732</u>	<u>\$ 18,220</u>	<u>\$ 108,912,507</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

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

General Support	\$ 118,239
Instruction	2,966,895
Cost of Food Sales	<u>15,493</u>
Total Depreciation Expense	<u>\$ 3,100,627</u>

C. Accrued Liabilities

Accrued liabilities at June 30, 2012 were as follows:

	<u>General Fund</u>
Other	\$ 665,508
Payroll and employee benefits	<u>200,772</u>
	<u>\$ 866,280</u>

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 in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary for ERS and TRS, employees in tier 5 who contribute 3% of their salary for ERS and 3.5% for TRS without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions to ERS are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions to ERS consist of a life insurance portion and regular pension contributions. Pursuant to Article 11 of Education Law, actuarial contributions are established annually for TRS by the New York State Teachers' Retirement Board. Contribution rates for the plans' year's ending in 2012 are as follows:

ERS		TRS	
<u>Tier/Plan</u>	<u>Rate</u>	<u>Tiers</u>	<u>Rate</u>
2 75I	19.8%	1-4	11.1%
3 A14	15.9		
4 A15	15.9		
5 A15	12.8		

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

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

	ERS	TRS
2012	\$ 1,315,644	\$ 5,358,728
2011	1,107,925	4,155,263
2010	720,576	2,979,208

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

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

E. Short-Term Non-Capital Borrowings

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

	Balance July 01, 2011	New Issues	Redemptions	Balance June 30, 2012
Tax Anticipation Note	\$ -	\$ 8,000,000	\$ 8,000,000	\$ -

The tax anticipation note was issued on July 20, 2011 and matured on June 29, 2012, with interest at 1.0%.

Interest expense/expenditures of \$75,333 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, 2012:

	Balance July 01, 2011	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2012	Due Within One-Year
Bonds Payable	\$ 45,285,000	\$ -	\$ 2,810,000	\$ 42,475,000	\$ 2,270,000
Plus - Deferred amounts on refunding	1,124,728	-	23,061	1,101,667	-
	<u>46,409,728</u>	<u>-</u>	<u>2,833,061</u>	<u>43,576,667</u>	<u>2,270,000</u>
Other Non-current Liabilities -					
Energy performance contract debt payable	-	6,010,000	-	6,010,000	313,554
Installment purchase debt payable	-	358,956	94,645	264,311	84,716
Compensated Absences	3,599,737	276,083	360,000	3,515,820	351,000
Other Post Employment Benefit Obligations	9,059,096	5,364,425	3,718,216	10,705,305	-
Total Other Non- current Liabilities	<u>12,658,833</u>	<u>5,640,508</u>	<u>4,172,861</u>	<u>20,495,436</u>	<u>749,270</u>
Total Long-Term Liabilities	<u>\$ 59,068,561</u>	<u>\$ 5,640,508</u>	<u>\$ 7,005,922</u>	<u>\$ 64,072,103</u>	<u>\$ 3,019,270</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

Each governmental fund's liability for bonds payable, energy performance contract debt payable, installment purchase debt, compensated absences and other post employment benefit obligations is liquidated by the General Fund.

Bonds Payable

Bonds payable at June 30, 2012 are comprised of the following issues:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at June 30, 2012</u>
Refunding Bonds	2011	\$ 43,070,000	January, 2030	2.0-5.000 %	<u>\$ 42,475,000</u>

Interest expenditures of \$1,743,375 were recorded in the fund financial statements in the General Fund. Interest expense of \$1,679,204 was recorded in the district-wide financial statements.

Energy Performance Contract Debt Payable

The School District, in September 2011, entered into a \$6,010,000 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over fifteen years, with bi-annual installments of \$241,014 through December 2027. Payments include interest at 2.84%. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the lease payment terms. The balance due at June 30, 2012 was \$ 6,010,000. Interest expenditures of \$134,177 were recorded in the fund financial statements in the General Fund. Interest expense of \$141,289 was recorded in the district-wide financial statements.

Installment Purchase Debt

The District entered into a lease agreement to finance the costs of certain computer equipment. The terms of this agreement provided for the repayment of the principal amount of \$358,956 in annual installments of \$94,645 through June, 2015, including interest at 3.85%. Interest expenditures/expense of \$- was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012**Note 3 - Detailed Notes on All Funds (Continued)****Payments to Maturity**

The annual requirements to amortize all outstanding bonded, energy performance contract and installment purchase debt as of June 30, 2012 including interest payments of \$15,534,186 are as follows:

Year Ending June 30,	Serial Bonds		Energy Performance Contract Debt		Installment Purchase Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 2,270,000	\$ 1,661,556	\$ 313,554	\$ 168,473	\$ 84,716	\$ 9,929	\$ 2,668,270	\$ 1,839,958
2014	2,335,000	1,593,456	322,523	159,505	87,980	6,665	2,745,503	1,759,626
2015	2,420,000	1,500,056	331,747	150,281	91,615	3,030	2,843,362	1,653,367
2016	2,545,000	1,379,056	341,236	140,792	-	-	2,886,236	1,519,848
2017	2,645,000	1,277,256	350,996	131,032	-	-	2,995,996	1,408,288
2018-2022	14,385,000	4,550,231	1,911,432	498,708	-	-	16,296,432	5,048,939
2023-2027	10,080,000	1,780,619	2,200,872	209,267	-	-	12,280,872	1,989,886
2028-2031	5,795,000	310,900	237,640	3,374	-	-	6,032,640	314,274
	<u>\$ 42,475,000</u>	<u>\$ 14,053,130</u>	<u>\$ 6,010,000</u>	<u>\$ 1,461,432</u>	<u>\$ 264,311</u>	<u>\$ 19,624</u>	<u>\$ 48,749,311</u>	<u>\$ 15,534,186</u>

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

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.

Other Post Employment Benefit Obligations

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

The School District's annual other postemployment 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

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

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

The assumed rates of increase in post retirement benefits are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Medical</u>
2013	9.00 %
2014	8.00
2015	7.00
2016	6.00
2017	5.00

The amortization basis is the level percentage of payroll method with an open amortization approach with 26 years remaining in the amortization period. The actuarial assumptions included a 5.0% discount rate of return and a 4% annual payroll growth rate. The School District currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the projected unit credit cost method.

The actuarial assumed investment rate of return ("discount rate") of 5% used by the School District's actuary, Aquarius Capital, for purposes of GASB Statement No. 45 reflects the actuary's view as to the most common discount rate used by school districts in Putnam/Northern Westchester Health Benefits Consortium. Actual results could differ from this estimate and the differences could be material.

The Unfunded Actuarial Accrued Liability ("UAAL") and the Net OPEB Obligation reflected above are very sensitive to changes in the discount rate and other estimates inherent in the calculations. Currently, the School District is not permitted to set aside assets for the purposes of paying post employment benefits. If the School District were able to set aside assets for these purposes, the current investment rates of return would likely be less than 5% based on the nature of the investments in which the School District's is permitted to invest.

Aquarius Capital provided two scenarios of the impact of reducing the discount rate from 5% to 4% to 3%. If the discount rate is reduced from 5% to 4%, the unfunded accrued liability as of July 1, 2011 would increase from \$94.9 million to \$110.7 million, or an increase of \$15.8 million, and the Net OPEB Obligation would increase by \$1.7 million as of June 30, 2012. If the discount rate is reduced from 5% to 3%, the unfunded accrued liability as of July 1, 2011 would increase

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

from \$94.9 million to \$131 million, or an increase of \$36.1 million, and the Net OPEB Obligation would increase by \$4.1 million as of June 30, 2012. The following table summarizes the actuarial impact of the changes described above:

Assumed Discount Rate	UAAL (in millions)	Change From Current UAAL (in millions)	Change From Current Net OPEB Obligation (in millions)
5% (Current)	\$ 94.9	N/A	N/A
4%	110.7	\$ 15.8	\$ 1.7
3%	131.0	36.1	4.1

The number of participants as of June 30, 2012 was as follows:

Active Employees	623
Retired Employees	<u>374</u>
	<u>997</u>

Amortization Component:

Actuarial Accrued Liability as of July 1, 2011	\$ 94,904,664
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 94,904,664</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 57,761,388</u>
UAAL as a Percentage of Covered Payroll	<u>164.30%</u>
Annual Required Contribution	\$ 5,854,578
Interest on Net OPEB Obligation	452,955
Adjustment to Annual Required Contribution	<u>(943,108)</u>
Annual OPEB Cost	5,364,425
Contributions Made	<u>(3,718,216)</u>
Increase in Net OPEB Obligation	1,646,209
Net OPEB Obligation - Beginning of year	<u>9,059,096</u>
Net OPEB Obligation - End of year	<u>\$ 10,705,305</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

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

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 5,364,425	69.31 %	\$ 10,705,305
2011	5,658,606	66.16	9,059,096
2010	6,389,163	53.93	7,144,172

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

G. Revenues and Expenditures**Interfund Transfers**

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

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	
General Fund	\$ -	\$ 160,000	\$ 100,000	\$ 260,000
Capital Projects Fund	13,894	-	-	13,894
Non-Major Governmental Funds	367,478	-	-	367,478
	<u>\$ 381,372</u>	<u>\$ 160,000</u>	<u>\$ 100,000</u>	<u>\$ 641,372</u>

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

H. Net Assets

The components of net assets are detailed below:

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

Note 3 - Detailed Notes on All Funds (Continued)

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

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 in accordance with Education Law to set aside funds for the deductible provisions of the School District's insurance policies.

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 6r 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.

Restricted for School Lunch - the component of net assets that reports the difference between assets and liabilities in the School Lunch Fund.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)**I. Fund Balances**

	2012				2011			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:								
Inventories	\$ -	\$ -	\$ 2,456	\$ 2,456	\$ -	\$ -	\$ 4,549	\$ 4,549
Prepaid expenditures	27,440	-	-	27,440	21,892	-	-	21,892
Total Nonspendable	27,440	-	2,456	29,896	21,892	-	4,549	26,441
Restricted:								
Tax certiorari	4,263,016	-	-	4,263,016	3,328,170	-	-	3,328,170
Unemployment benefits	150,561	-	-	150,561	150,518	-	-	150,518
Property loss	59,063	-	-	59,063	59,046	-	-	59,046
Insurance	210,210	-	-	210,210	210,150	-	-	210,150
Liability claims	218,512	-	-	218,512	218,450	-	-	218,450
Employee benefit accrued liability	3,502,143	-	-	3,502,143	3,501,144	-	-	3,501,144
Repairs	137,084	-	-	137,084	137,001	-	-	137,001
Retirement contributions	3,509,354	-	-	3,509,354	4,073,312	-	-	4,073,312
Capital projects	-	2,871,586	-	2,871,586	-	25,610	-	25,610
Special purposes	-	-	41,692	41,692	-	-	44,211	44,211
Total Restricted	12,049,943	2,871,586	41,692	14,963,221	11,677,791	25,610	44,211	11,747,612
Assigned:								
Purchases on order:								
General government support	895,771	-	-	895,771	1,041,351	-	-	1,041,351
Instruction	609,653	-	-	609,653	690,576	-	-	690,576
Pupil Transportation	-	-	-	-	1,600	-	-	1,600
	1,505,424	-	-	1,505,424	1,733,527	-	-	1,733,527
Subsequent year's expenditures	3,000,000	-	-	3,000,000	2,204,180	-	367,428	2,571,608
School Lunch Fund	-	-	266,237	266,237	-	-	261,469	261,469
Total Assigned	4,505,424	-	266,237	4,771,661	3,937,707	-	628,897	4,566,604
Unassigned	4,488,000	-	-	4,488,000	4,446,795	-	-	4,446,795
Total Fund Balances	\$ 21,070,807	\$ 2,871,586	\$ 310,385	\$ 24,252,778	\$ 20,084,185	\$ 25,610	\$ 677,657	\$ 20,787,452

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

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

Amounts for subsequent year's expenditures are not legally required segregations but represent intended use for a specific purpose. At June 30, 2012, the Board of Education has assigned the above amounts to be appropriated for the ensuing year's budget.

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

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.

At the end of June 30, 2012, the School District is involved in three tuition reimbursement matters in which the parents of the students have requested an impartial hearing seeking tuition reimbursement at private schools. If the parents are successful, the School District could be obligated for tuition reimbursement and the parents' attorneys. The total amount of this obligation is currently unknown. The School District prevailed at the impartial hearing officer level and before the State Review Officer in one of these cases. This case is currently under appeal in the federal district court. These cases are presently being defended aggressively.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

B. Contingencies

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

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

C. Risk Management

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

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million. 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.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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 \$143,074 for the year ended June 30, 2012. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 143,074
2014	99,144
2015	<u>37,095</u>
	<u>\$ 279,313</u>

Note 5 - Subsequent Events

The School District, on July 24, 2012, issued an \$8,000,000 note in anticipation of 2012-13 property taxes. The note matures on June 28, 2013 and bears interest at a rate of 1.0%.

Note 6 - Other Matters

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

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

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

CHAPPAQUA CENTRAL SCHOOL DISTRICT

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

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll	
	Value of Assets	Accrued Liability					
July 1, 2009	\$ -	\$ 87,768,536	\$ 87,768,536	- %	57,075,478	153.78	%
July 1, 2010	-	91,250,028	91,250,028	-	57,859,271	157.71	
July 1, 2011	-	94,904,664	94,904,664	-	57,761,388	164.30	

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CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2012 AND 2011

	2012	2011
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 25,836,392	\$ 22,522,943
Petty cash	700	700
	<u>25,837,092</u>	<u>22,523,643</u>
Receivables:		
Accounts	100,969	1,019,454
State and Federal aid	838,624	1,154,533
Due from other funds	<u>1,627,951</u>	<u>1,625,873</u>
	<u>2,567,544</u>	<u>3,799,860</u>
Prepaid Expenditures	<u>27,440</u>	<u>21,892</u>
Total Assets	<u>\$ 28,432,076</u>	<u>\$ 26,345,395</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 82,395	\$ 188,083
Accrued liabilities	866,280	874,994
Due to other funds	59,364	-
Due to retirement systems	6,188,355	5,089,954
Due to other governments	155,124	100,517
Deferred revenues	<u>9,751</u>	<u>7,662</u>
Total Liabilities	<u>7,361,269</u>	<u>6,261,210</u>
Fund Balance:		
Nonspendable	27,440	21,892
Restricted	12,049,943	11,677,791
Assigned	4,505,424	3,937,707
Unassigned	<u>4,488,000</u>	<u>4,446,795</u>
Total Fund Balance	<u>21,070,807</u>	<u>20,084,185</u>
Total Liabilities and Fund Balance	<u>\$ 28,432,076</u>	<u>\$ 26,345,395</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, 2012 AND 2011

	2012				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
Revenues:					
Real property taxes	\$ 92,587,729	\$ 92,584,583	\$ 92,587,729	\$	\$ 3,146
Other tax items	6,356,853	6,359,999	6,359,999		-
Non-property taxes	725,000	725,000	768,544		43,544
Charges for services	431,191	431,191	481,681		50,490
Use of money and property	325,000	325,000	296,490		(28,510)
State aid	6,344,215	6,344,215	6,980,000		635,785
Federal aid	-	-	42,659		42,659
Miscellaneous	428,500	461,003	1,148,467		687,464
Total Revenues	107,198,488	107,230,991	108,665,569		1,434,578
Expenditures:					
Current:					
General support:					
Board of education	55,167	61,665	50,773	510	10,382
Central administration	354,229	349,229	344,786	1,000	3,443
Finance	1,142,748	1,091,530	1,052,989	14,739	23,802
Staff	666,307	780,952	671,288	74,722	34,942
Central services	8,964,558	9,847,521	9,042,721	804,800	-
Special items	1,700,500	1,543,710	1,296,914	-	246,796
Total General Support	12,883,509	13,674,607	12,459,471	895,771	319,365
Instruction:					
Instruction, administration and improvement	5,329,057	5,671,454	5,446,527	167,870	57,057
Teaching - Regular school	37,207,808	37,421,020	36,174,156	280,196	966,668
Programs for children with handicapping conditions	12,293,804	12,201,323	11,441,621	62,358	697,344
Teaching - Special schools	239,500	239,500	222,168	-	17,332
Instructional media	3,261,907	3,157,353	3,055,577	44,098	57,678
Pupil services	5,518,984	5,536,771	5,220,004	55,131	261,636
Total Instruction	63,851,060	64,227,421	61,560,053	609,653	2,057,715
Pupil transportation	6,134,433	6,234,972	6,208,460	-	26,512
Community services	18,977	18,977	18,977	-	-
Employee benefits	24,382,066	23,454,772	22,695,828	-	758,944
Debt service:					
Principal	2,810,000	2,904,645	2,904,645	-	-
Interest	2,841,970	2,439,124	1,952,885	-	486,239
Total Expenditures	112,922,015	112,954,518	107,800,319	1,505,424	3,648,775
Excess (Deficiency) of Revenues Over Expenditures	(5,723,527)	(5,723,527)	865,250	(1,505,424)	5,083,353
Other Financing Sources (Uses):					
Transfers in	381,294	381,294	381,372	-	78
Transfers out	(260,000)	(260,000)	(260,000)	-	-
Total Other Financing Sources (Uses)	121,294	121,294	121,372	-	78
Net Change in Fund Balance	(5,602,233)	(5,602,233)	986,622	\$ (1,505,424)	\$ 5,083,431
Fund Balance - Beginning of Year	5,602,233	5,602,233	20,084,185		
Fund Balance - End of Year	\$ -	\$ -	\$ 21,070,807		

2011				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 90,382,154	\$ 90,382,154	\$ 90,386,852	\$	\$ 4,698
7,751,351	7,751,351	7,667,463		(83,888)
675,000	675,000	764,290		89,290
441,691	441,691	685,401		243,710
330,000	330,000	275,091		(54,909)
6,717,851	6,717,851	6,411,892		(305,959)
-	-	425,356		425,356
440,000	567,913	1,090,110		522,197
106,738,047	106,865,960	107,706,455		840,495
57,821	82,821	63,065	466	19,290
378,985	378,985	345,024	325	33,636
1,143,207	1,170,415	1,095,991	19,964	54,460
732,010	705,879	584,620	68,008	53,251
9,227,954	10,274,669	9,307,773	952,588	14,308
1,720,500	1,666,581	1,611,920	-	54,661
13,260,477	14,279,350	13,008,393	1,041,351	229,606
5,727,152	5,677,264	5,416,016	38,369	222,879
37,358,246	37,643,864	36,436,490	166,377	1,040,997
11,631,249	11,487,838	10,887,072	404,396	196,370
250,000	250,000	236,322	-	13,678
3,574,030	3,642,273	3,513,461	21,588	107,224
5,421,203	5,407,766	5,162,961	59,846	184,959
63,961,880	64,109,005	61,652,322	690,576	1,766,107
6,134,132	6,134,651	5,858,352	1,600	274,699
18,977	18,977	18,977	-	-
22,159,821	22,952,590	21,516,170	-	1,436,420
-	-	-	-	-
175,000	253,333	162,797	-	90,536
105,710,287	107,747,906	102,217,011	1,733,527	3,797,368
1,027,760	(881,946)	5,489,444	(1,733,527)	4,637,863
223,301	223,301	223,301	-	-
(5,776,265)	(4,999,337)	(4,949,269)	-	50,068
(5,552,964)	(4,776,036)	(4,725,968)	-	50,068
(4,525,204)	(5,657,982)	763,476	\$ (1,733,527)	\$ 4,687,931
4,525,204	5,657,982	19,320,709		
\$ -	\$ -	\$ 20,084,185		

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 92,587,729	\$ 92,584,583	\$ 92,587,729	\$ 3,146
OTHER TAX ITEMS				
School tax relief reimbursement	6,356,853	6,359,999	6,359,999	-
NON-PROPERTY TAXES				
Non-property tax distribution from County	725,000	725,000	768,544	43,544
CHARGES FOR SERVICES				
Continuing education tuition	239,500	239,500	262,915	23,415
Cultural arts	-	-	1,587	1,587
Other student fees and charges	191,691	191,691	217,179	25,488
USE OF MONEY AND PROPERTY	431,191	431,191	481,681	50,490
Earnings on investments	250,000	250,000	151,104	(98,896)
Rental of real property	75,000	75,000	145,386	70,386
	325,000	325,000	296,490	(28,510)

STATE AID				
Basic formula	5,004,815	5,004,815	5,200,470	195,655
BOCES	742,306	742,306	754,197	11,891
Textbooks	244,650	244,650	182,386	(62,264)
Lottery	260,000	260,000	226,988	(33,012)
Computer software	66,613	66,613	66,711	98
Library aid	25,831	25,831	25,832	1
Tuition aided handicapped	-	-	305,170	305,170
Homeless aid	-	-	218,246	218,246
FEDERAL AID	6,344,215	6,344,215	6,980,000	635,785
Medical assistance	-	-	42,659	42,659
MISCELLANEOUS				
Refund of prior year's expenditures	90,000	90,000	615,164	525,164
Refund of BOCES aided services	-	-	161,260	161,260
Gifts and donations	-	32,503	32,503	-
Metropolitan commuter transportation				
mobility tax reimbursement	198,500	198,500	176,276	(22,224)
Other	140,000	140,000	163,264	23,264
TOTAL REVENUES	428,500	461,003	1,148,467	687,464
	107,198,488	107,230,991	108,665,569	1,434,578
OTHER FINANCING SOURCES				
Transfers in:				
Capital Projects Fund	13,894	13,894	13,894	-
Non-Major Governmental Funds	367,400	367,400	367,478	78
TOTAL OTHER FINANCING SOURCES	381,294	381,294	381,372	78
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 107,579,782	\$ 107,612,285	\$ 109,046,941	\$ 1,434,656

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 17,934	\$ 23,432	\$ 20,712	\$ 510	\$ 2,210
District clerk	29,233	30,233	27,195	-	3,038
District meeting	8,000	8,000	2,866	-	5,134
Total Board of Education	55,167	61,665	50,773	510	10,382
CENTRAL ADMINISTRATION					
Chief school administrator	354,229	349,229	344,786	1,000	3,443
FINANCE					
Business administration	965,492	982,242	956,564	9,020	16,658
Accounting and auditing	177,256	109,288	96,425	5,719	7,144
Total Finance	1,142,748	1,091,530	1,052,989	14,739	23,802
STAFF					
Legal	250,000	338,968	250,761	74,553	13,654
Personnel	366,807	355,878	337,513	169	18,196
Public information and services	49,500	86,106	83,014	-	3,092
Total Staff	666,307	780,952	671,288	74,722	34,942

CENTRAL SERVICES				
Operation of plant	6,044,517	5,995,675	5,941,566	54,109
Maintenance of plant	2,920,041	3,851,846	3,101,155	750,691
				-
Total Central Services	8,964,558	9,847,521	9,042,721	804,800
SPECIAL ITEMS				
Unallocated insurance	350,000	350,000	323,787	-
Judgments and claims	147,000	234,646	232,646	-
School association dues	25,000	25,000	25,000	-
Assessments on school property	70,000	70,000	64,969	-
Refunds of real property taxes	100,000	104,438	90,917	-
Metropolitan commuter transportation mobility tax	198,500	194,062	126,818	-
Administrative charge - BOCES	810,000	565,564	432,777	-
				132,787
Total Special Items	1,700,500	1,543,710	1,296,914	-
				246,796
Total General Support	12,883,509	13,674,607	12,459,471	895,771
				319,365

INSTRUCTION

INSTRUCTION, ADMINISTRATION AND IMPROVEMENT

Curriculum development and supervision	624,589	660,988	655,788	5,200	-
Supervision - Regular school	4,654,911	4,960,909	4,743,516	162,670	54,723
Supervision - Special schools	31,557	31,557	31,252	-	305
Research, planning and evaluation	18,000	18,000	15,971	-	2,029
Total Instruction, Administration and Improvement	5,329,057	5,671,454	5,446,527	167,870	57,057
TEACHING - REGULAR SCHOOL	37,207,808	37,421,020	36,174,156	280,196	966,668
PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS					
Programs for students with disabilities	12,293,804	12,201,323	11,441,621	62,358	697,344
TEACHING - SPECIAL SCHOOLS	239,500	239,500	222,168	-	17,332

(Continued)

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)
YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
INSTRUCTIONAL MEDIA					
School library and audiovisual Computer assisted instruction	\$ 1,277,915 1,983,992	\$ 1,295,808 1,861,545	\$ 1,263,866 1,791,711	\$ 13,695 30,403	\$ 18,247 39,431
Total Instructional Media	3,261,907	3,157,353	3,055,577	44,098	57,678
PUPIL SERVICES					
Attendance - Regular school	40,487	40,487	39,756	-	731
Guidance - Regular school	2,105,341	2,107,095	2,060,324	8,140	38,631
Health services - Regular school	697,544	694,063	653,820	5,574	34,669
Psychological services - Regular school	1,278,955	1,278,845	1,141,845	-	137,000
Co-curricular activities - Regular school	390,949	391,908	349,625	-	42,283
Interscholastic athletics - Regular school	1,005,708	1,024,373	974,634	41,417	8,322
Total Pupil Services	5,518,984	5,536,771	5,220,004	55,131	261,636
Total Instruction	63,851,060	64,227,421	61,560,053	609,653	2,057,715
PUPIL TRANSPORTATION					
Contract and public carrier transportation	6,134,433	6,234,972	6,208,460	-	26,512
COMMUNITY SERVICES					
Census	18,977	18,977	18,977	-	-

EMPLOYEE BENEFITS

State retirement	1,455,000	1,455,000	1,315,644	-	139,356
Teachers' retirement	5,525,000	5,517,000	5,358,728	-	158,272
Social security	4,325,000	4,089,199	4,014,209	-	74,990
Hospital and medical insurance	11,440,916	10,732,022	10,593,900	-	138,122
Dental and vision insurance	116,600	119,420	96,659	-	22,761
Workers' compensation benefits	302,500	302,500	288,049	-	14,451
Unemployment benefits	200,000	197,581	105,427	-	92,154
Disability insurance	22,000	22,000	17,443	-	4,557
Life insurance	34,000	34,000	30,753	-	3,247
Union welfare benefits	821,000	846,000	785,816	-	60,184
Other benefits	140,050	140,050	89,200	-	50,850
Total Employee Benefits	24,382,066	23,454,772	22,695,828	-	758,944

DEBT SERVICE

Principal:					
Serial bonds	2,810,000	2,810,000	2,810,000	-	-
Installment purchase debt	-	94,645	94,645	-	-
Interest:					
Serial bonds	2,810,000	2,904,645	2,904,645	-	-
Energy performance contract	1,743,375	1,743,375	1,743,375	-	-
Tax anticipation note	798,595	465,595	134,177	-	331,418
	300,000	230,154	75,333	-	154,821
	2,841,970	2,439,124	1,952,885	-	486,239
TOTAL EXPENDITURES	112,922,015	112,954,518	107,800,319	1,505,424	3,648,775

OTHER FINANCING USES

Transfers out:					
Special Aid Fund	160,000	160,000	160,000	-	-
Capital Projects Fund	100,000	100,000	100,000	-	-
TOTAL OTHER FINANCING USES	260,000	260,000	260,000	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 113,182,015	\$ 113,214,518	\$ 108,060,319	\$ 1,505,424	\$ 3,648,775

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CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SPECIAL AID FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 49,759	\$ 21,281
State and Federal Aid Receivable	<u>1,569,278</u>	<u>1,604,628</u>
Total Assets	<u>\$ 1,619,037</u>	<u>\$ 1,625,909</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 9,137	\$ -
Due to Other Funds	1,609,858	1,625,867
Deferred Revenues	<u>42</u>	<u>42</u>
Total Liabilities	<u>\$ 1,619,037</u>	<u>\$ 1,625,909</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, 2012 AND 2011

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State aid	\$ 640,000	\$ 640,000	\$ 640,000	\$ -
Federal aid	1,236,586	1,245,791	1,190,333	(55,458)
Total Revenues	1,876,586	1,885,791	1,830,333	(55,458)
Expenditures -				
Current -				
Instruction	2,036,586	2,045,791	1,990,333	55,458
Deficiency of Revenues Over Expenditures	(160,000)	(160,000)	(160,000)	-
Other Financing Sources -				
Transfers in	160,000	160,000	160,000	-
Net Change in Fund Balance	-	-	-	-
Fund Balance -				
Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

2011			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 660,000	\$ 660,000	\$ 660,000	\$ -
1,352,303	1,352,303	1,347,476	(4,827)
2,012,303	2,012,303	2,007,476	(4,827)
2,152,303	2,152,303	2,147,476	4,827
(140,000)	(140,000)	(140,000)	-
140,000	140,000	140,000	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 157,113	\$ 153,382
Restricted Cash	<u>2,779,811</u>	<u>-</u>
Total Assets	<u>\$ 2,936,924</u>	<u>\$ 153,382</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Retainages payable	\$ 47,245	\$ 47,245
Due to other funds	18,093	6
Deferred revenues	<u>-</u>	<u>80,521</u>
Total Liabilities	65,338	127,772
Fund Balance -		
Restricted	<u>2,871,586</u>	<u>25,610</u>
Total Liabilities and Fund Balance	<u>\$ 2,936,924</u>	<u>\$ 153,382</u>

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Federal aid	\$ 268,404	\$ -
Miscellaneous	<u>161,590</u>	<u>-</u>
Total Revenues	429,994	-
Expenditures - Capital outlay	<u>4,039,080</u>	<u>88,284</u>
Deficiency of Revenues Over Expenditures	<u>(3,609,086)</u>	<u>(88,284)</u>
Other Financing Sources (Uses):		
Energy performance contract debt issued	6,010,000	-
Installment purchase debt issued	358,956	-
Transfers in	100,000	100,000
Transfers out	<u>(13,894)</u>	<u>(223,301)</u>
Total Other Financing Sources (Uses)	<u>6,455,062</u>	<u>(123,301)</u>
Net Change in Fund Balance	2,845,976	(211,585)
Fund Balance - Beginning of Year	<u>25,610</u>	<u>237,195</u>
Fund Balance - End of Year	<u>\$ 2,871,586</u>	<u>\$ 25,610</u>

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND

PROJECT-LENGTH SCHEDULE

INCEPTION OF PROJECT THROUGH JUNE 30, 2012

PROJECT	Authorization	Expenditures and Transfers to Date			Unexpended Balance
		Prior Years	Current Year	Total	
Improvements to School District Buildings	\$ 2,558,675	\$ 2,544,781	\$ 13,894	\$ 2,558,675	\$ -
Westorcharde Elementary School Buildings	100,000	88,284	-	88,284	11,716
Energy Performance Contract - Phase I	6,278,404	-	3,498,592	3,498,592	2,779,812
Robert E Bell Middle School Window Replacement	100,000	-	4,275	4,275	95,725
Horace Greely High School Turf and Roof	261,590	-	177,257	177,257	84,333
Installment Purchase Debt	358,956	-	358,956	358,956	-
Totals	<u>\$ 9,657,625</u>	<u>\$ 2,633,065</u>	<u>\$ 4,052,974</u>	<u>\$ 6,686,039</u>	<u>\$ 2,971,586</u>

Proceeds of Obligations	Methods of Financing				Fund Balance (Deficit) at June 30, 2012
	State and Federal Aid	Transfers	Miscellaneous	Totals	
\$ -	\$ -	\$ 2,558,675	\$ -	\$ 2,558,675	\$ -
-	-	100,000	-	100,000	11,716
6,010,000	268,404	-	-	6,278,404	2,779,812
-	-	100,000	-	100,000	95,725
-	-	-	161,590	161,590	(15,667)
358,956	-	-	-	358,956	-
<u>\$ 6,368,956</u>	<u>\$ 268,404</u>	<u>\$ 2,758,675</u>	<u>\$ 161,590</u>	<u>\$ 9,557,625</u>	<u>\$ 2,871,586</u>

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CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012
(With Comparative Totals for 2011)

			Total Non-Major Governmental Funds	
	School Lunch	Special Purpose	2012	2011
<u>ASSETS</u>				
Cash:				
Demand deposits	\$ 266,684	\$ 41,692	\$ 308,376	\$ 737,949
Petty cash	600	-	600	600
	<u>267,284</u>	<u>41,692</u>	<u>308,976</u>	<u>738,549</u>
Receivables:				
Accounts	12,265	-	12,265	-
State and Federal aid	11,191	-	11,191	7,254
Due from other funds	<u>59,364</u>	<u>-</u>	<u>59,364</u>	<u>-</u>
	82,820	-	82,820	7,254
Inventories	<u>2,456</u>	<u>-</u>	<u>2,456</u>	<u>4,549</u>
Total Assets	<u>\$ 352,560</u>	<u>\$ 41,692</u>	<u>\$ 394,252</u>	<u>\$ 750,352</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities -				
Deferred revenues	<u>\$ 83,867</u>	<u>\$ -</u>	<u>\$ 83,867</u>	<u>\$ 72,695</u>
Fund Balances:				
Nonspendable	2,456	-	2,456	4,549
Restricted	-	41,692	41,692	44,211
Assigned	<u>266,237</u>	<u>-</u>	<u>266,237</u>	<u>628,897</u>
Total Fund Balances	<u>268,693</u>	<u>41,692</u>	<u>310,385</u>	<u>677,657</u>
Total Liabilities and Fund Balances	<u>\$ 352,560</u>	<u>\$ 41,692</u>	<u>\$ 394,252</u>	<u>\$ 750,352</u>

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2012
 (With Comparative Totals for 2011)

	School Lunch	Special Purpose	Debt Service
Revenues:			
Use of money and property	\$ 454	\$ 11	\$ 50
State aid	14,910	-	-
Federal aid	105,790	-	-
Food sales	1,877,974	-	-
Miscellaneous	40,176	-	-
Total Revenues	2,039,304	11	50
Expenditures:			
Current:			
Cost of food sales	2,036,629	-	-
Other	-	2,530	-
Debt service:			
Refunding bonds issuance costs	-	-	-
Principal	-	-	-
Interest	-	-	-
Total Expenditures	2,036,629	2,530	-
Excess (Deficiency) of Revenues Over Expenditures	2,675	(2,519)	50
Other Financing Sources (Uses):			
Refunding bonds issued	-	-	-
Issuance premium	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	-	-	(367,478)
Total Other Financing Sources (Uses)	-	-	(367,478)
Net Change in Fund Balances	2,675	(2,519)	(367,428)
Fund Balances - Beginning of Year	266,018	44,211	367,428
Fund Balances - End of Year	\$ 268,693	\$ 41,692	\$ -

Total Non-Major Governmental Funds	
2012	2011
\$ 515	\$ 1,681
14,910	14,779
105,790	121,836
1,877,974	1,787,041
40,176	11,816
<u>2,039,365</u>	<u>1,937,153</u>
2,036,629	1,910,000
2,530	2,379
-	301,095
-	3,475,000
-	1,466,630
<u>2,039,159</u>	<u>7,155,104</u>
<u>206</u>	<u>(5,217,951)</u>
-	43,070,000
-	3,423,568
-	(46,192,473)
-	4,709,269
<u>(367,478)</u>	<u>-</u>
<u>(367,478)</u>	<u>5,010,364</u>
(367,272)	(207,587)
<u>677,657</u>	<u>885,244</u>
<u>\$ 310,385</u>	<u>\$ 677,657</u>

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SCHOOL LUNCH FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash:		
Demand deposits	\$ 266,684	\$ 326,310
Petty cash	600	600
	<u>267,284</u>	<u>326,910</u>
Receivables:		
Accounts	12,265	-
State and Federal aid	11,191	7,254
Due from other funds	59,364	-
	<u>82,820</u>	<u>7,254</u>
Inventories	<u>2,456</u>	<u>4,549</u>
Total Assets	<u>\$ 352,560</u>	<u>\$ 338,713</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities - Deferred revenues	<u>\$ 83,867</u>	<u>\$ 72,695</u>
Fund Balance:		
Nonspendable	2,456	4,549
Assigned	<u>266,237</u>	<u>261,469</u>
Total Fund Balance	<u>268,693</u>	<u>266,018</u>
Total Liabilities and Fund Balance	<u>\$ 352,560</u>	<u>\$ 338,713</u>

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SCHOOL LUNCH FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Revenues:		
Use of money and property	\$ 454	\$ 872
State aid	14,910	14,779
Federal aid	105,790	121,836
Food sales	1,877,974	1,787,041
Miscellaneous	40,176	10,816
Total Revenues	2,039,304	1,935,344
Expenditures -		
Current -		
Cost of food sales	2,036,629	1,910,000
Excess of Revenues Over Expenditures	2,675	25,344
Fund Balance - Beginning of Year	266,018	240,674
Fund Balance - End of Year	<u>\$ 268,693</u>	<u>\$ 266,018</u>

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SPECIAL PURPOSE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash - Demand deposits	<u>\$ 41,692</u>	<u>\$ 44,211</u>
<u>FUND BALANCE</u>		
Restricted	<u>\$ 41,692</u>	<u>\$ 44,211</u>

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SPECIAL PURPOSE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Use of money and property	\$ 11	\$ 28
Miscellaneous	<u>-</u>	<u>1,000</u>
Total Revenues	11	1,028
Expenditures - Current - Other	<u>2,530</u>	<u>2,379</u>
Deficiency of Revenues Over Expenditures	(2,519)	(1,351)
Fund Balance - Beginning of Year	<u>44,211</u>	<u>45,562</u>
Fund Balance - End of Year	<u>\$ 41,692</u>	<u>\$ 44,211</u>

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CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash - Demand Deposits	<u>\$ -</u>	<u>\$ 367,428</u>
<u>FUND BALANCE</u>		
Assigned	<u>\$ -</u>	<u>\$ 367,428</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, 2012 AND 2011

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues - Use of money and property	\$ -	\$ -	\$ 50	\$ 50
Expenditures -				
Debt service:				
Refunding bonds issuance costs	-	-	-	-
Serial bonds:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	50	50
Other Financing Sources (Uses):				
Refunding bonds issued	-	-	-	-
Issuance premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(367,400)	(367,478)	(367,478)	-
Total Other Financing Sources (Uses)	(367,400)	(367,478)	(367,478)	-
Net Change in Fund Balance	(367,400)	(367,478)	(367,428)	50
Fund Balance - Beginning of Year	367,400	367,478	367,428	(50)
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

2011			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 781	\$ 781
-	301,095	301,095	-
3,025,000	3,475,000	3,475,000	-
2,145,031	1,516,698	1,466,630	50,068
5,170,031	5,292,793	5,242,725	50,068
(5,170,031)	(5,292,793)	(5,241,944)	50,849
-	43,070,000	43,070,000	-
-	3,423,568	3,423,568	-
-	(46,192,473)	(46,192,473)	-
4,937,670	4,759,337	4,709,269	(50,068)
-	-	-	-
4,937,670	5,060,432	5,010,364	(50,068)
(232,361)	(232,361)	(231,580)	781
232,361	232,361	599,008	366,647
\$ -	\$ -	\$ 367,428	\$ 367,428

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

ANALYSIS OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

YEAR ENDED JUNE 30, 2012

Adopted Budget	\$ 111,448,488
Additions - Encumbrances	<u>1,733,527</u>
Original Budget	113,182,015
Budget Amendments	<u>32,503</u>
Final Budget	<u><u>\$ 113,214,518</u></u>

GENERAL FUND

ANALYSIS OF USE OF FUND BALANCE

AS OF THE BEGINNING OF THE YEAR ENDED JUNE 30, 2012

Assigned and Unassigned Fund Balance (less encumbrances) - Beginning of Year	\$ 6,650,975
Less - Appropriated Fund Balance Used for Levy of Taxes	<u>2,204,180</u>
Unassigned Fund Balance	<u><u>\$ 4,446,795</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, 2012

	<u>Account Code</u>	<u>Amount Per ST-3</u>	<u>Audited Amount</u>
REVENUES			
Real Property Taxes	A -1001	\$ 92,587,729	\$ 92,587,729
Non-Property Taxes	AT-1199	768,544	768,544
State Aid	AT-3999	6,980,000	6,980,000
Federal Aid	AT-4999	42,659	42,659
Total Revenues and Other Financing Sources	AT-5999	109,046,941	109,046,941
EXPENDITURES			
General Support	AT-1999	12,459,471	12,459,471
Pupil Transportation	AT-5599	6,208,460	6,208,460
Debt Service - Principal	AT-9798.6	2,904,645	2,904,645
Debt Service - Interest	AT-9798.7	1,952,885	1,952,885
Total Expenditures and Other Financing Uses	AT-9999	\$ 108,060,319	\$ 108,060,319

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SCHEDULE OF INVESTED IN
CAPITAL ASSETS, NET OF RELATED DEBT
YEAR ENDED JUNE 30, 2012

Capital Assets, net		\$ 108,912,507
Less:		
Bonds Payable	(42,475,000)	
Energy Performance Contract Debt Payable	(6,010,000)	
Installment Purchase Debt Payable	(264,311)	
Unamortized Portion of Premium	<u>(3,153,287)</u>	(51,902,598)
Plus:		
Unexpended Debt	2,511,408	
Unamortized Portion of Issuance Costs	277,325	
Unamortized Portion of Loss	<u>2,051,620</u>	<u>4,840,353</u>
Invested in Capital Assets, net of Related Debt		<u>\$ 61,850,262</u>

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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Chappaqua Central School District, New York ("School District") as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis.

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.

Compliance and Other Matters

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

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

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

A handwritten signature in black ink that reads "O'Connor Davies, LLP". The signature is written in a cursive, flowing style.

O'Connor Davies, LLP
Harrison, New York
August 17, 2012

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

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

Compliance

We have audited the Chappaqua Central School District, New York's compliance of the Chappaqua Central School District, New York ("School District") with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2012. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

This report is intended solely for the information and use of the 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, LLP
Harrison, New York
August 17, 2012

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non ARRA (2)</u>	<u>ARRA (2)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State				
Department of Education:				
<i>Child Nutrition Cluster:</i>				
National School Lunch Program (NSLP) - Commodities	10.555	\$ 23,616	\$	\$ 23,616
National School Lunch Program (NSLP) - Cash	10.555	82,174		<u>82,174</u>
Total U.S. Department of Agriculture				<u>105,790</u>
<u>U.S. Department of Energy</u>				
Indirect Programs - Passed through New York State				
Energy Research and Development Authority				
State Energy Program	81.041		268,404	<u>268,404</u>
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State				
Department of Education:				
<i>Special Education Cluster (IDEA):</i>				
Special Education - Grants to States (IDEA, Part B)	84.027A	707,013		707,013
Special Education - Preschool Grants (IDEA Preschool)	84.173A	17,681		<u>17,681</u>
				<u>724,694</u>
Improving Teacher Quality State Grants	84.367A	75,234		75,234
Title I Grants to Local Educational Agencies	84.010A	34,508		34,508
ARRA - Education Jobs Fund	84.410		355,897	<u>355,897</u>
Total U.S. Department of Education				<u>1,190,333</u>
Total		<u>\$ 940,226</u>	<u>\$ 624,301</u>	<u>\$ 1,564,527</u>

(1) Catalog of Federal Domestic Assistance number.

(2) American Recovery and Reinvestment Act

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012

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, 2012. 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 School 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, 2012

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Unqualified

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

☐ yes ☒ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Special Education Cluster (IDEA):
84.027	Special Education - Grants to States (IDEA, Part B)
84.173	Special Education - Preschool Grants (IDEA Preschool)
84.410	ARRA - Education Jobs Fund
81.041	State Energy Program

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

\$300,000
☒ Yes ☐ No

CHAPPAQUA CENTRAL SCHOOL DISTRICT, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Concluded)
YEAR ENDED JUNE 30, 2012

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, 2012

None