

East Ramapo Central School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2013

East Ramapo Central School District, New York

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Independent Auditors' Report

The Board of Education of the
East Ramapo Central School District, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

O'CONNOR DAVIES, LLP

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Other Matters

Required Supplementary Information

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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2013 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

October 9, 2013

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

Independent Auditors' Report

**The Board of Education of the
East Ramapo Central School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the East Ramapo Central School District, New York ("School District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 9, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

October 9, 2013

East Ramapo Central School District, New York

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

Introduction

The discussion and analysis of the East Ramapo Central School District's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2013. 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, to enhance understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- As of June 30, 2013, the total fund balance of the General Fund was in a deficit position of \$6,445,489, a reduction of \$7,230,369 from the previous year's ending fund balance. A portion of this fund deficit of \$669,617 is reflected as nonspendable to indicate the amounts advanced to the Capital Projects Fund that are not expected to be reimbursed from state aid. The General Fund also reflects a restricted fund balance component totaling \$857,108 for funds set aside for tax certiorari obligations (\$755,741) and self-insured obligations (\$101,367). Encumbrances for various purchase order obligations total \$932,775 and are reported as part of the unassigned fund balance category. *Therefore, the remaining portion of fund balance is reported as unassigned and reflects a deficit of \$8,904,989 that will need to be addressed in future budgets.* It should be noted that New York State law allows a School District to maintain up to 4% of the ensuing year's budget, exclusive of the amount assigned for the subsequent year's budget. For this School District, that amount would be approximately \$8.25 million, or approximately \$17 million more than what currently exists.
- Due to the School District's low fund balance position, cash flow borrowings in the form of tax anticipation notes were necessary. At the end of the 2012-2013 fiscal year, a new borrowing in the amount of \$17,000,000 in anticipation of the receipt of taxes to be levied for the fiscal year ending June 30, 2014 was required. The note was dated June 27, 2013 with a maturity date of October 27, 2013.
- A budget note in the amount of \$7,412,491 was issued with an interest rate of 1.25% per annum to cover for under-budgeting in the areas of BOCES services for special education, health insurance and legal expenditures in the 2012-13 school year. Budget notes are short-term financing and the proceeds are not recorded as a revenue source for the General Fund, but rather as a liability reflected on the balance sheet. However, the principal and interest obligation for this note has been budgeted as an appropriation in the 2013-2014 school year. The principal portion will be redeemed against the balance sheet liability, resulting in an unspent appropriation and a restoration of this portion of the fund deficit by June 30, 2014.
- On the district-wide financial statements, the liabilities of the School District exceeded assets by \$93,280,089. The unrestricted portion of net position at year-end is a deficit \$122,277,829. The unrestricted deficit is primarily attributable to the required accrual, under the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45, of the other post employment benefit ("OPEB") obligations of \$113,065,126 at June 30, 2013, an increase of \$15.4 million over the liability recorded as of June 30, 2012.
- The School District budget was approved by the voters for fiscal year 2012-13.

Overview of the Financial Statements

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

District-Wide Financial Statements

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

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

Fund Financial Statements

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the School District's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

- The School District maintains six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund and Capital Projects Fund. 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 the General, Special Aid and Capital Projects funds, which are considered to be major funds. Data for the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.
- The School District adopts an annual budget for its General and Special Aid funds. A budgetary comparison statement has been provided for these major funds within the basic financial statements to demonstrate compliance with the respective budgets.
- The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity 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 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 financial statements can be found following the basic financial statements section of this report.

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. In the case of the East Ramapo Central School District, liabilities exceeded assets by \$93,280,089 at the close of the current fiscal year. For the prior year, this same figure was \$69,890,756. The significant decrease from the prior year is primarily due to the recognition of the increased OPEB obligation mentioned earlier, as well as operating expenditures in excess of revenues.

Net Position

	June 30,	
	2013	2012
Current Assets	\$ 39,977,319	\$ 34,166,066
Capital Assets, net	45,199,921	47,945,107
Total Assets	85,177,240	82,111,173
Current Liabilities	46,775,873	32,861,441
Long-term Liabilities	131,681,456	119,140,488
Total Liabilities	178,457,329	152,001,929
Net Position		
Net Investment in Capital Assets	27,381,914	27,482,536
Restricted		
Debt Service	455,233	553,673
Tax Certiorari	755,741	870,308
Insurance	101,367	101,113
School Lunch	-	297,639
Special Purposes	303,485	312,015
Unrestricted	(122,277,829)	(99,508,040)
Total Net Position	\$ (93,280,089)	\$ (69,890,756)

The largest component of the School District's net position reflects its investment in capital assets (\$27,381,914), less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Those assets subject to external restrictions listed above constitute \$1,615,826 of net position and are comprised of amounts restricted for specific purposes, i.e., payments of tax certioraris, debt service etc. The remaining balance represents an unrestricted net deficit of \$122,277,829. This deficit results mainly from the accrual of the School District's other post employment benefit obligation aggregating \$113,065,126 at June 30, 2013.

Change in Net Position

	June 30,	
	2013	2012
REVENUES		
Program revenues		
Charges for services	\$ 3,311,396	\$ 3,213,676
Operating grants and contributions	37,864,444	38,029,621
Capital grants and contributions	1,560	384,147
Total Program Revenues	41,177,400	41,627,444
General revenues		
Real property taxes	119,806,648	117,405,135
Other tax items	17,194,006	16,884,109
Unrestricted use of money and property	116,904	170,740
Sale of property and compensation for loss	412,892	137,616
Unrestricted State aid	45,022,215	43,324,248
Miscellaneous	2,363,266	2,153,328
Total General Revenues	184,915,931	180,075,176
Total Revenues	226,093,331	221,702,620
EXPENSES		
General support	23,446,080	22,816,319
Instruction	192,149,451	198,319,177
Pupil transportation	28,378,678	28,439,330
Community service	111,297	180,066
Cost of food sales	4,671,585	4,911,485
Other	16,450	25,125
Debt service - interest	709,123	718,718
Total Expenses	249,482,664	255,410,220
Change in Net Position	(23,389,333)	(33,707,600)
Net Position - Beginning	(69,890,756)	(36,183,156)
Net Position - Ending	\$ (93,280,089)	\$ (69,890,756)

The major changes are as follows:

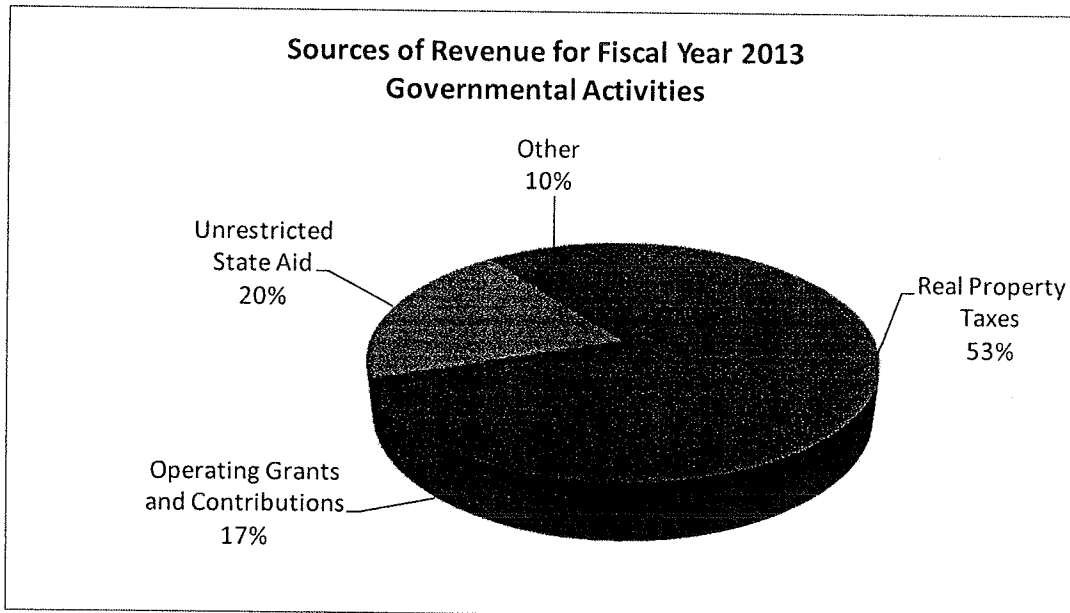
Revenues:

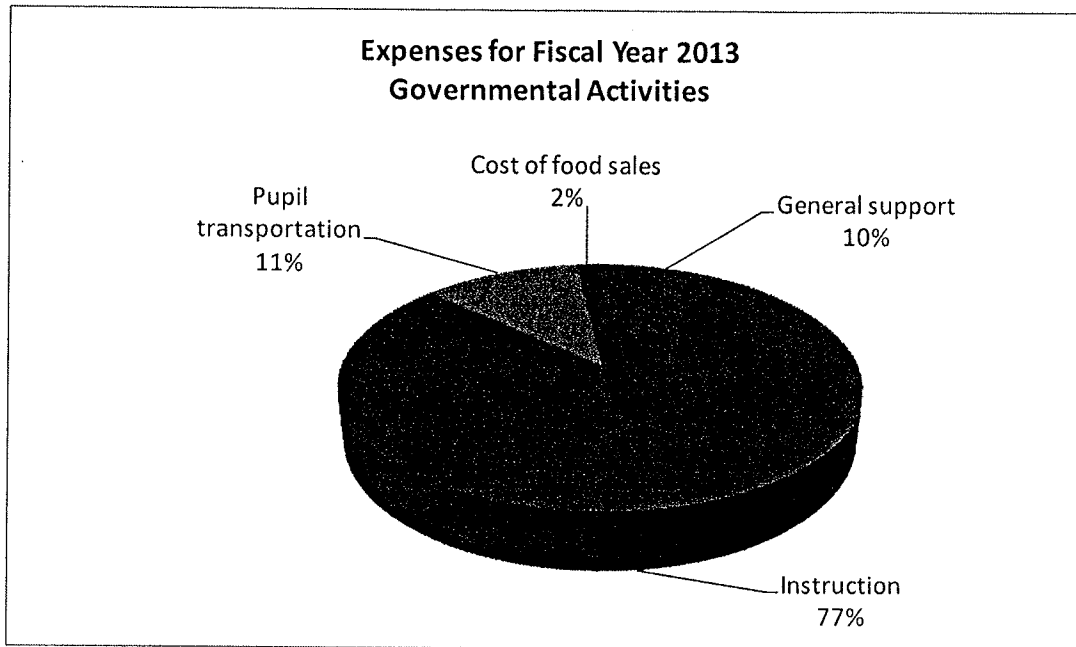
- Real property taxes increased by \$2,401,513, from \$117,405,135 in 2011-12 to \$119,806,648 in 2012-13, an increase of 2.05% due to a higher tax levy.
- Unrestricted State Aid to the School District increased by \$1,697,967, from \$43,324,248 in 2011-12 to \$45,022,215 in 2012-13, an increase of 3.92% due to additional state aid for transportation.
- Miscellaneous revenues decreased by \$209,938 due to a drop in health services reimbursements.
- Capital grants and contributions decreased by \$382,587, due to the receipt of EXCEL state aid for the district-wide capital improvement project in the prior year.

Expenses:

- General Support expenses increased by \$629,761, from \$22,816,319 in 2011-12 to \$23,446,080 in 2012-13, due to a sharp increase in legal expenses.
- Instruction expenses decreased by \$6,169,726, from \$198,319,177 in 2011-12 to \$192,149,451 in 2012-13 due to instructional staff restructuring.

As indicated on the following charts, the School District relies upon real property taxes as its primary revenue source (53%) and Unrestricted State Aid as its secondary source of revenue (20%). The School District's instruction costs accounted for 77% of its expenses.





Financial Analysis of the School District's Funds

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

Fund Balance Reporting

GASB issued Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in February 2009. The requirements of Statement No. 54 became effective for financial statements for periods ending June 30, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below:

- Nonspendable – consists of assets that either are inherently nonspendable in the current period, because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principal of endowments.
- Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- Committed – consists of amounts that are subject to a purpose constraint imposed by formal action of the government's highest level of decision making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Note – According to the Office of the State Comptroller, school districts in New York will not have committed fund balance to report.

- Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of

the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

- Unassigned – represents the residual classification for the School District's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. According to GASB, this pronouncement should result in an improvement in the usefulness of fund balance information.

Governmental Funds

The focus of the School District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the School District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a School District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported negative combined fund balances of \$6,792,826, a reduction of \$8,071,416 from the prior year. Exclusive of the Capital Projects Fund, the total fund deficit aggregates \$7,462,443. Of this amount, \$727,609 is in nonspendable form (\$669,717 for advances to the Capital Projects Fund and \$57,992 for inventories in the School Lunch Fund) while \$1,515,826 is restricted for various purposes (\$755,741 for tax certiorari obligations, \$101,367 for self-insured insurance purposes, \$355,233 for debt service purposes and \$303,485 for special purposes). Another \$100,000 of the fund balance is assigned in the Debt Service Fund to be used to offset debt service obligations in 2013-14. The remainder of the total fund balance is a deficit of \$8,466,644. Of this amount, \$932,775 is earmarked to fund encumbrances and the remainder (a deficit of \$9,399,419) represents the balance of unassigned fund balance. This indicates that the School District does not have any resources available to be used for any discretionary purposes.

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was a deficit of \$6,445,489. This represents a decrease of \$7,230,369 from the prior year. This resulted from the under estimating of expenditures, thus necessitating the need for the issuance of the budget note mentioned earlier in this discussion.

More detailed information about the School District's governmental fund balances is presented in note 3,1 in the notes to financial statements.

General Fund Budgetary Highlights

The original budget of \$192,853,803 (inclusive of the rollover of prior year encumbrances of \$925,412) was increased by \$9,488,767 primarily due to under-budgeting in the areas of BOCES for special education services, health insurance and legal expenditures. Revenues and other financing sources were \$6,878,700 less than the final budget. This was primarily due to proceeds of the budget note of \$7,412,491 issued on June 27, 2013. Even though the budget is amended to recognize a revenue source from the budget note (and the appropriation budget is increased accordingly in those areas that were under funded to provide the necessary spending authority), the proceeds from a budget note do not result in the recognition of actual revenue. Expenditures and other financing uses, inclusive of encumbrances, were \$258,336 less than the final budget, due to mid-year restructuring of the School District's teaching staff.

Capital Assets

At June 30, 2012, the School District had capital assets of \$45,199,921 net of accumulated depreciation invested in a broad range of capital assets, including land, improvements other than buildings, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

	June 30,	
	2013	2012
Land	\$ 7,764,601	\$ 7,764,601
Construction-in-progress	-	177,475
Buildings and improvements	35,844,525	38,141,666
Machinery and equipment	1,590,795	1,861,365
	<u>\$ 45,199,921</u>	<u>\$ 47,945,107</u>

More detailed information about the District's capital assets is presented in note 3B in the notes to financial statements.

Long-Term Debt

The School District had general obligation and other long-term debt outstanding as follows:

	June 30,	
	2013	2012
Bonds payable	\$ 13,119,094	\$ 14,796,526
Energy performance contract	4,758,133	5,740,070
Compensated absences	739,103	744,005
Claims	-	212,815
Other postemployment benefits	113,065,126	97,647,072
	<u>\$ 131,681,456</u>	<u>\$ 119,140,488</u>

Under the requirements of GASB Statement No. 45, a full valuation of post-employment benefits was performed during the prior fiscal year by an actuary. The data was then rolled forward in the current fiscal year. A new full valuation will be performed in the upcoming fiscal year. The School District's obligations payable for post employment benefits increased by approximately \$15.4 million to \$113 million. This liability is expected to continue to increase since there is no mechanism currently in place under state law to allow for the advance funding of this obligation.

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

Requests for Information

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

East Ramapo Central School District
Attn: Valter Paci
Assistant to the Superintendent for Business
105 S. Madison Avenue
Spring Valley, New York 10977

East Ramapo Central School District, New YorkStatement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 28,519,012
Investments	338,978
Receivables	-
Accounts	997,042
State and Federal aid	9,362,294
Due from other governments	642,781
Inventories	57,992
Deferred charges	59,220
Capital assets	
Not being depreciated	7,764,601
Being depreciated, net	<u>37,435,320</u>
 Total Assets	 <u>85,177,240</u>
LIABILITIES	
Accounts payable	9,408,979
Accrued liabilities	1,329,176
Unearned revenue	7,311
Due to other governments	269,677
Due to retirement systems	11,283,291
Tax anticipation notes payable	17,000,000
Budget note payable	7,412,491
Accrued interest payable	64,948
Non-current liabilities	
Due within one year	3,010,320
Due in more than one year	<u>128,671,136</u>
 Total Liabilities	 <u>178,457,329</u>
NET POSITION	
Net investment in capital assets	27,381,914
Restricted	
Debt service	455,233
Tax certiorari	755,741
Insurance	101,367
Special purposes	303,485
Unrestricted	<u>(122,277,829)</u>
 Total Net Position	 <u>\$ (93,280,089)</u>

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

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East Ramapo Central School District, New York

Statement of Activities
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 23,446,080	\$ 1,393,833	\$ 241,593	\$ -	\$ (21,810,654)
Instruction	192,149,451	1,334,747	34,243,886	-	(156,570,818)
Pupil transportation	28,378,678	500	-	-	(28,378,178)
Community services	111,297	-	-	-	(111,297)
Cost of food sales	4,671,585	582,316	3,371,045	-	(718,224)
Other	16,450	-	7,920	-	(8,530)
Interest	709,123	-	-	1,560	(707,563)
Total Governmental Activities	\$ 249,482,664	\$ 3,311,396	\$ 37,864,444	\$ 1,560	(208,305,264)
General revenues					
Real property taxes					119,806,648
Other tax items					
School tax relief reimbursement					16,857,215
Payments in lieu of taxes					336,791
Unrestricted use of money and property					116,904
Sale of property and compensation of loss					412,892
Unrestricted State aid					45,022,215
Miscellaneous					2,363,266
Total General Revenues					184,915,931
Change in Net Position					(23,389,333)
Net Position - Beginning					(69,890,756)
Net Position - Ending					\$ (93,280,089)

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

East Ramapo Central School District, New York

Balance Sheet
 Governmental Funds
 June 30, 2013

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 26,382,070	\$ 1,619,558	\$ 28,001
Investments	40,561	144	5
Receivables			
Accounts	992,794	4,248	-
State and Federal aid	3,884,420	5,243,017	11,248
Due from other governments	642,781	-	-
Due from other funds	6,669,639	-	-
Advances to other funds	669,617	-	-
Inventories	-	-	-
Total Assets	<u>\$ 39,281,882</u>	<u>\$ 6,866,967</u>	<u>\$ 39,254</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 8,495,288	\$ 746,518	\$ -
Accrued liabilities	1,282,467	46,611	-
Unearned revenue	-	7,311	-
Due to other funds	-	6,066,527	23,411
Advances from other funds	-	-	669,617
Due to other governments	253,834	-	15,843
Due to retirement systems	11,283,291	-	-
Budget note payable	7,412,491	-	-
Tax anticipation notes payable	17,000,000	-	-
Total Liabilities	<u>45,727,371</u>	<u>6,866,967</u>	<u>708,871</u>
Fund balances (deficits)			
Nonspendable	669,617	-	-
Restricted	857,108	-	-
Assigned	-	-	-
Unassigned	(7,972,214)	-	(669,617)
Total Fund Balances (Deficits)	<u>(6,445,489)</u>	<u>-</u>	<u>(669,617)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 39,281,882</u>	<u>\$ 6,866,967</u>	<u>\$ 39,254</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 489,383	\$ 28,519,012
298,268	338,978
-	997,042
223,609	9,362,294
-	642,781
5	6,669,644
-	669,617
57,992	57,992
<u>\$ 1,069,257</u>	<u>\$ 47,257,360</u>

\$ 167,173	\$ 9,408,979
98	1,329,176
-	7,311
579,706	6,669,644
-	669,617
-	269,677
-	11,283,291
-	7,412,491
-	17,000,000
<u>746,977</u>	<u>54,050,186</u>

57,992	727,609
658,718	1,515,826
100,000	100,000
(494,430)	(9,136,261)
<u>322,280</u>	<u>(6,792,826)</u>
<u>\$ 1,069,257</u>	<u>\$ 47,257,360</u>

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East Ramapo Central School District, New York

Reconciliation of Governmental Funds Balance Sheet to
the District-Wide Statement of Net Position
June 30, 2013

Fund Balances - Total Governmental Funds	<u>\$ (6,792,826)</u>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>45,199,921</u>
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. Deferred charges	<u>59,220</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(64,948)
Bonds payable	(13,119,094)
Energy performance contract payable	(4,758,133)
Compensated absences	(739,103)
Other post employment benefit obligations payable	<u>(113,065,126)</u>
	<u>(131,746,404)</u>
Net Position of Governmental Activities	<u>\$ (93,280,089)</u>

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

East Ramapo Central School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2013

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 119,806,648	\$ -	\$ -
Other tax items	17,194,006	-	-
Charges for services	1,335,247	-	-
Use of money and property	1,513,181	-	-
Sale of property and compensation for loss	412,892	-	-
State aid	49,602,465	6,740,440	-
Federal aid	1,205,106	21,945,114	-
Food sales	-	-	-
Miscellaneous	2,363,266	12,125	-
Total Revenues	193,432,811	28,697,679	-
EXPENDITURES			
Current			
General support	18,460,015	-	-
Instruction	108,256,865	29,070,663	-
Pupil transportation	25,827,023	-	-
Community services	126,043	-	-
Employee benefits	44,299,721	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	2,941,937	-	-
Interest	774,470	-	-
Capital outlay	-	-	68,995
Total Expenditures	200,686,074	29,070,663	68,995
Deficiency of Revenues Over Expenditures	(7,253,263)	(372,984)	(68,995)
OTHER FINANCING SOURCES (USES)			
Bonds issued	364,873	-	-
Transfers in	100,000	372,984	68,995
Transfers out	(441,979)	-	-
Total Other Financing Sources (Uses)	22,894	372,984	68,995
Net Change in Fund Balances	(7,230,369)	-	-
Fund Balances (Deficits) - Beginning of Year	784,880	-	(669,617)
Fund Balances (Deficits) - End of Year	\$ (6,445,489)	\$ -	\$ (669,617)

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 119,806,648
-	17,194,006
-	1,335,247
1,767	1,514,948
-	412,892
106,626	56,449,531
3,264,265	26,414,485
582,316	582,316
7,867	2,383,258
3,962,841	226,093,331
-	18,460,015
-	137,327,528
-	25,827,023
-	126,043
-	44,299,721
4,687,438	4,687,438
16,450	16,450
-	2,941,937
-	774,470
-	68,995
4,703,888	234,529,620
(741,047)	(8,436,289)
-	364,873
-	541,979
(100,000)	(541,979)
(100,000)	364,873
(841,047)	(8,071,416)
1,163,327	1,278,590
\$ 322,280	\$ (6,792,826)

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East Ramapo Central School District, New York

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2013

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

Net Change in Fund Balances - Total Governmental Funds \$ (8,071,416)

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 depreciation expense exceeded capital outlays in the current period.

Capital outlay expenditures	1,294,748
Depreciation expense	<u>(4,039,934)</u>
	<u>(2,745,186)</u>

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

Bonds issued	(364,873)
Principal paid on serial bonds	1,960,000
Principal paid on energy performance contracts	981,937
Amortization of issuance costs, loss on refunding and premium	<u>67,500</u>
	<u>2,644,564</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	(16,958)
Compensated absences	4,902
Claims	212,815
Other post employment benefit obligations	<u>(15,418,054)</u>
	<u>(15,217,295)</u>

Change in Net Position of Governmental Activities \$ (23,389,333)

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

East Ramapo Central School District, New York

Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget And Actual
 General and Special Aid Funds
 Year Ended June 30, 2013

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 120,314,242	\$ 120,314,242	\$ 119,806,648	\$ (507,594)
Other tax items	17,207,215	17,207,215	17,194,006	(13,209)
Charges for services	1,472,000	1,472,000	1,335,247	(136,753)
Use of money and property	1,200,000	1,200,000	1,513,181	313,181
Sale of property and compensation for loss	-	54,345	412,892	358,547
State aid	48,381,536	48,681,536	49,602,465	920,929
Federal aid	2,760,000	2,760,000	1,205,106	(1,554,894)
Miscellaneous	493,398	1,209,682	2,363,266	1,153,584
Total Revenues	191,828,391	192,899,020	193,432,811	533,791
EXPENDITURES				
Current				
General support	16,846,075	18,768,242	18,460,015	308,227
Instruction	104,285,900	109,118,419	108,256,865	861,554
Pupil transportation	24,501,482	25,835,088	25,827,023	8,065
Community services	130,541	130,571	126,043	4,528
Employee benefits	42,887,872	44,301,103	44,299,721	1,382
Debt service				
Principal	2,941,938	2,941,938	2,941,937	1
Interest	859,995	780,808	774,470	6,338
Total Expenditures	192,453,803	201,876,169	200,686,074	1,190,095
Deficiency of Revenues Over Expenditures	(625,412)	(8,977,149)	(7,253,263)	1,723,886
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	364,873	364,873	-
Budget note issued	-	7,412,491	-	(7,412,491)
Transfers in	100,000	100,000	100,000	-
Transfers out	(400,000)	(466,401)	(441,979)	24,422
Total Other Financing Sources (Uses)	(300,000)	7,410,963	22,894	(7,388,069)
Net Change in Fund Balances	(925,412)	(1,566,186)	(7,230,369)	(5,664,183)
Fund Balances - Beginning of Year	925,412	1,566,186	784,880	(781,306)
Fund Balances (Deficits) - End of Year	\$ -	\$ -	\$ (6,445,489)	\$ (6,445,489)

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

Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
7,155,929	7,137,613	6,740,440	(397,173)
25,405,033	26,836,379	21,945,114	(4,891,265)
12,125	12,125	12,125	-
<u>32,573,087</u>	<u>33,986,117</u>	<u>28,697,679</u>	<u>(5,288,438)</u>
-	-	-	-
32,973,087	34,360,117	29,070,663	5,289,454
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>32,973,087</u>	<u>34,360,117</u>	<u>29,070,663</u>	<u>5,289,454</u>
<u>(400,000)</u>	<u>(374,000)</u>	<u>(372,984)</u>	<u>1,016</u>
400,000	374,000	372,984	(1,016)
-	-	-	-
<u>400,000</u>	<u>374,000</u>	<u>372,984</u>	<u>(1,016)</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

East Ramapo Central School District, New York

Statement of Assets and Liabilities
Fiduciary Fund
June 30, 2013

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 1,195,605
Investments	<u>69,230</u>
Total Assets	<u>\$ 1,264,835</u>
LIABILITIES	
Accounts payable	\$ 641,849
Employee payroll deductions	373,824
Escrow deposits	124,654
Student activity funds	<u>124,508</u>
Total Liabilities	<u>\$ 1,264,835</u>

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

Note 1 - Summary of Significant Accounting Policies

The East Ramapo Central School District, New York ("School District"), as presently constituted, 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 Rockland County Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary 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 districts' governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined in Education Law. Copies of BOCES' financial statement can be requested from Rockland County BOCES, 65 Parrott Road, West Nyack, New York 10994-0607.

B. District-Wide Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

C. Fund Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

major special revenue fund of the School District is the Special Aid Fund. The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal, State or local funds.

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 Financial 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 and other deposits that are payable to other jurisdictions or individuals.

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

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

The School District's 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, 2013.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are payable on September 1st. The various towns which are included in the levy are responsible for the billing and collection of the taxes through November 1st of the tax year at which time collection responsibility is transferred to the County of Rockland, New York ("County"). The County guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

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

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Advances To/From Other Funds - Advances to/from other funds represent loans to other funds, which are not expected to be repaid within the subsequent annual operating cycle. The advances are offset by nonspendable fund balance in the fund financial statements which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

Note 1 - Summary of Significant Accounting Policies (Continued)

Inventories - Inventories in the School Lunch Fund consist of food and supplies and are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by 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 cost of issuance of the refunding bonds. These costs are being amortized over the term of the respective bond issues.

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

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

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

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

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

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

Unearned 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 unearned revenues of \$7,311 for State and Federal aid received in advance in the Special Aid Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Long-Term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. 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 and sick leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is 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 position on the Statement of Net Position include net investment in capital assets, restricted for debt service, tax certiorari, insurance and special purposes. The balance is classified as unrestricted.

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

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they

Note 1 - Summary of Significant Accounting Policies (Continued)

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 the General Municipal Law or Education Law of the State of New York.

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, will represent amounts constrained either by the Board of Education for the amounts assigned for balancing the subsequent year's budget or the Assistant Superintendent for Business for amounts assigned for encumbrances. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

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

F. Encumbrances

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

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 9, 2013.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) The Board of Education holds several public budget development workshops attended by interested members of the community.
- b) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- c) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- d) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- e) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- f) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- g) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- h) The budgets for General and Special Aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch, Special Purpose or Debt Service funds.
- i) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts in excess of 10% of the original appropriation, 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.
- j) 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. Property Tax Limitation

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

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

Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot 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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

D. Expenditures in Excess of Budget

The Warehouse capital project exceeded its budgetary provision by \$20,445.

E. Fund Deficits

The unassigned deficit of \$7,972,214 in the General Fund arises because of operating expenditures exceeding available revenues during the past several fiscal years. A budget note was issued and is anticipated to be repaid in 2013-14, which is expected to alleviate the deficit. The unassigned deficit of \$669,617 in the Capital Projects Fund arises because of expenditures exceeding current financing on the projects. This deficit will be eliminated with the subsequent receipt of authorized financing. The unassigned deficit of \$494,430 in the School Lunch Fund arises because of allocated costs exceeding available revenues. This deficit will be eliminated in the subsequent year through monitoring of expenditures and imposition of price increases.

F. Application of Accounting Standards

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

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The composition of interfund balances at June 30, 2013 is as follows:

Fund	Due From	Due To
General	\$ 6,669,639	\$ -
Special Aid	-	6,066,527
Capital Projects	-	23,411
Non-Major Governmental	5	579,706
	\$ 6,669,644	\$ 6,669,644

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.

Note 3 - Detailed Notes on All Funds (Continued)

B. Capital Assets

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

Class	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital Assets, not being depreciated:				
Land	\$ 7,764,601	\$ -	\$ -	\$ 7,764,601
Construction-in-progress	177,475	-	177,475	-
Total Capital Assets, not being depreciated	\$ 7,942,076	\$ -	\$ 177,475	\$ 7,764,601
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 91,055,873	\$ 1,280,860	\$ -	\$ 92,336,733
Machinery and Equipment	8,816,959	191,363	274,906	8,733,416
Total Capital Assets, being depreciated	99,872,832	1,472,223	274,906	101,070,149
Less Accumulated Depreciation for:				
Buildings and Improvements	52,914,207	3,578,001	-	56,492,208
Machinery and Equipment	6,955,594	461,933	274,906	7,142,621
Total Accumulated Depreciation	59,869,801	4,039,934	274,906	63,634,829
Total Capital Assets, being depreciated, net	\$ 40,003,031	\$ (2,567,711)	\$ -	\$ 37,435,320
Capital Assets, net	\$ 47,945,107	\$ (2,567,711)	\$ 177,475	\$ 45,199,921

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

General Support	\$ 207,354
Instruction	3,500,357
Pupil Transportation	257,502
Cost of Food Sales	74,721
Total Depreciation Expense	\$ 4,039,934

C. Accrued Liabilities

Accrued liabilities at June 30, 2013 were as follows:

	Fund			Total
	General	Special Aid	Non-Major Governmental	
Payroll and employee benefits	\$ 825,221	\$ 46,611	\$ 98	\$ 871,930
Other	457,246	-	-	457,246
	\$ 1,282,467	\$ 46,611	\$ 98	\$ 1,329,176

Note 3 - Detailed Notes on All Funds (Continued)

D. Short-Term Non-Capital Borrowings

The schedule below details the changes in short-term non-capital borrowings. These borrowings consisted of notes issued in anticipation of the collection of real property taxes and to meet expenditures for which an insufficient or no provision was made in the 2012-13 adopted budget.

Purpose	Date of Original Issue	Maturity Date	Interest Rate	Balance July 1, 2012	New Issues	Redemptions	Balance June 30, 2013
Tax Anticipation Notes	6/26/12	10/26/12	- %	\$ 15,000,000	\$ -	\$ 15,000,000	\$ -
Tax Anticipation Notes	6/27/13	10/27/13	1.22	-	8,500,000	-	8,500,000
Tax Anticipation Notes	6/27/13	10/27/13	1.75	-	5,000,000	-	5,000,000
Tax Anticipation Notes	6/27/13	10/27/13	2.00	-	3,500,000	-	3,500,000
				<u>\$ 15,000,000</u>	<u>\$ 17,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 17,000,000</u>
Budget Note	3/27/2013	11/15/2013	1.25	<u>\$ -</u>	<u>7,412,491</u>	<u>\$ -</u>	<u>\$ 7,412,491</u>

Interest expenditures/expense of \$62,500 for the tax anticipation notes were recorded in the fund financial statements in the General Fund and in the district-wide financial statements. Interest expense of \$24,451 for the budget note was recorded in the district-wide financial statements.

E. 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, employees in tier 5 who also contribute 3% of their salary for ERS and 3.5% for TRS without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions to ERS are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions to ERS consist of a life insurance portion and regular pension contributions. Pursuant to Article 11 of Education Law, actuarial contributions are established annually for TRS by the New York State Teachers' Retirement Board. Contribution rates for the plans' year's ending in 2013 are as follows:

Note 3 - Detailed Notes on All Funds (Continued)

ERS		TRS	
Tier/Plan	Rate	Tiers	Rate
1 75I	25.4%	1-6	11.84%
2 75I	23.3		
3 A14	18.7		
4 A15	18.7		
5 A15	15.2		
6 A15	10.2		

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

	ERS	TRS
2013	\$ 3,802,482	\$ 9,667,968
2012	3,087,299	9,531,329
2011	2,252,503	6,010,500

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

The current year ERS contribution was charged to the General, Special Aid and School Lunch funds in the amounts of \$3,575,281, \$155,930 and \$71,271, respectively. The current year TRS contribution was charged to the General Fund and Special Aid Fund in the amounts of \$8,961,761 and \$706,207, respectively.

F. Long-Term Liabilities

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

	Balance July 1, 2012	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2013	Due Within One-Year
Bonds Payable - Capital construction	\$ 14,385,000	\$ 364,873	\$ 1,960,000	\$ 12,789,873	\$ 1,895,000
Plus - Unamortized premium on bonds	607,573	-	121,515	486,058	-
Less - Deferred amounts on refunding	(196,047)	-	(39,210)	(156,837)	-
	14,796,526	364,873	2,042,305	13,119,094	1,895,000
Energy Performance Contract Payable	5,740,070	-	981,937	4,758,133	1,041,320
Other Non-current Liabilities:					
Compensated Absences	744,005	69,498	74,400	739,103	74,000
Claims Payable	212,815	-	212,815	-	-
Other Post Employment Benefit Obligations Payable	97,647,072	24,228,927	8,810,873	113,065,126	-
Total Other Non-current Liabilities	98,603,892	24,298,425	9,098,088	113,804,229	74,000
Total Long-Term Liabilities	\$ 119,140,488	\$ 24,663,298	\$ 12,122,330	\$ 131,681,456	\$ 3,010,320

Note 3 - Detailed Notes on All Funds (Continued)

The School District's indebtedness for bonds, energy performance contract debt, compensated absences and other post employment benefit obligations is satisfied by the General Fund.

Bonds Payable

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

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2013
Refunding Bonds	2011	\$ 8,280,000	May, 2017	3.00 - 5.000 %	\$ 5,780,000
Various District Improvements	2012	7,180,000	June, 2025	2.75 - 3.000	6,645,000
Real Property Tax Refunds	2013	364,873	June, 2018	1.50 - 2.000	364,873
					<u>\$ 12,789,873</u>

Interest expenditures of \$506,900 were recorded in the fund financial statements in the General Fund. Interest expense of \$417,102 was recorded in the district-wide financial statements.

Energy Performance Contracts Payable

The School District, in May 2006, entered into two contractual agreements to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contracts provide for repayment over ten years, with one contract including interest at 3.85% and the other contract including interest at 4.16%. The balance due on these contracts at June 30, 2013 was \$4,758,133. Interest expenditures/expense of \$205,070 was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonds and energy performance contract debt outstanding at June 30, 2013, including interest payments of \$2,292,540 are as follows:

Year Ended June 30,	Bonds		Energy Performance Contract		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,895,000	\$ 454,562	\$ 1,041,320	\$ 166,105	\$ 2,936,320	\$ 620,667
2015	2,049,873	385,836	1,082,643	125,592	3,132,516	511,428
2016	2,165,000	313,025	1,125,607	83,471	3,290,607	396,496
2017	2,225,000	220,863	1,170,277	39,675	3,395,277	260,538
2018	705,000	126,325	338,286	2,873	1,043,286	129,198
2019-2023	3,330,000	358,613	-	-	3,330,000	358,613
2024-2025	420,000	15,600	-	-	420,000	15,600
	<u>\$ 12,789,873</u>	<u>\$ 1,874,824</u>	<u>\$ 4,758,133</u>	<u>\$ 417,716</u>	<u>\$ 17,548,006</u>	<u>\$ 2,292,540</u>

The above general obligation bonds and energy performance contract 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.

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

Non-instructional employees earn vacation after the completion of one year of service. As a result, these employees are owed vacation time for the previous year. Upon separation of service, these employees are compensated for any unused vacation days earned in the previous year. The value of the compensated absences has been reflected in the district-wide financial statements.

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees 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 these 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 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.

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 district-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 rate of increase in postretirement benefits is discussed below.

The amortization basis is the level dollar method with an open amortization approach with 25 years remaining in the amortization period. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), and an annual healthcare cost trend of 9%, and then reduced by decrements to an ultimate rate of 5.00% after 5 years. The School District

Note 3 - Detailed Notes on All Funds (Continued)

currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of June 30, 2013 was as follows:

Active Employees	1,256
Retired Employees	<u>1,201</u>
Total	<u><u>2,457</u></u>
Amortization Component:	
Actuarial Accrued Liability as of July 1, 2011	\$ 296,910,662
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 296,910,662</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 98,704,838</u>
UAAL as a Percentage of Covered Payroll	<u>300.81%</u>
Annual Required Contribution	\$ 25,860,324
Interest on Net OPEB Obligation	3,905,883
Adjustment to Annual Required Contribution	<u>(5,537,280)</u>
Annual OPEB Cost	24,228,927
Contributions Made	<u>(8,810,873)</u>
Increase in Net OPEB Obligation	15,418,054
Net OPEB Obligation - Beginning of Year	<u>97,647,072</u>
Net OPEB Obligation - End of Year	<u>\$ 113,065,126</u>

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:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 24,228,927	36.37 %	\$ 113,065,126
2012	26,570,188	31.20	97,647,072
2011	30,401,320	27.11	79,365,918

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.

Note 3 - Detailed Notes on All Funds (Continued)

G. Revenues and Expenditures

Interfund Transfers

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

Transfers Out	Transfers In			Total
	General Fund	Special Aid Fund	Capital Projects Fund	
General Fund	\$ -	\$ 372,984	\$ 68,995	\$ 441,979
Non-Major Governmental Funds	100,000	-	-	100,000
	<u>\$ 100,000</u>	<u>\$ 372,984</u>	<u>\$ 68,995</u>	<u>\$ 541,979</u>

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

H. Net Position

The components of net position are detailed below:

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

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

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

Restricted for Insurance - the component of net position that report amounts set aside for payment of liability, casualty and other types of losses in accordance with Section 6-n of the General Municipal Law of the State of New York.

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

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

East Ramapo Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2013

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2013					2012				
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental	Total		
Nonspendable										
Advances	\$ 669,617	\$ -	\$ -	\$ 669,617	\$ 669,617	\$ -	\$ -	\$ 669,617		
Inventories	-	-	57,992	57,992	-	-	14,918	14,918		
Total Nonspendable	669,617	-	57,992	727,609	669,617	-	14,918	684,535		
Restricted										
Tax certiorari	755,741	-	-	755,741	870,308	-	-	870,308		
Insurance	101,367	-	-	101,367	101,113	-	-	101,113		
Debt service	-	-	355,233	355,233	-	-	453,673	453,673		
Special purposes	-	-	303,485	303,485	-	-	312,015	312,015		
Total Restricted	857,108	-	658,718	1,515,826	971,421	-	765,688	1,737,109		
Assigned										
Subsequent year's expenditures -										
Debt Service Fund	-	-	100,000	100,000	-	-	100,000	100,000		
School Lunch Fund	-	-	-	-	-	-	282,721	282,721		
Total Assigned	-	-	100,000	100,000	-	-	382,721	382,721		
Unassigned										
Purchases on order:										
General support	249,647	-	-	249,647	369,780	-	-	369,780		
Instruction	680,841	-	-	680,841	549,436	-	-	549,436		
Transportation	2,287	-	-	2,287	6,196	-	-	6,196		
Other	932,775	-	-	932,775	925,412	-	-	925,412		
	(8,904,989)	(669,617)	(494,430)	(10,069,036)	(1,781,570)	(669,617)	-	(2,451,187)		
Total Unassigned	(7,972,214)	(669,617)	(494,430)	(9,136,261)	(856,158)	(669,617)	-	(1,525,775)		
Total Fund Balances (Deficits)	\$ (6,445,489)	\$ (669,617)	\$ 322,280	\$ (6,792,826)	\$ 784,880	\$ (669,617)	\$ 1,163,327	\$ 1,278,590		

Note 3 - Detailed Notes on All Funds (Continued)

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

Advances have been established to indicate the long-term nature of funds advanced to the Capital Projects Fund. These funds do not represent "available" spendable resources even though they are a component of current assets.

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.

Subsequent year's expenditures represent that at June 30, 2013, the School Board has assigned the above amounts to be appropriated for the ensuing year's budget.

Purchases on order are unassigned 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.

Unassigned fund balance represents amounts not classified as non-spendable, restricted or assigned.

Note 4 - Summary Disclosure of Significant Contingencies**A. Litigation**

The East Ramapo Building Administrators' Association has filed a grievance against the School District requesting that all of its members receive an additional amount of compensation so as to achieve parity with the top salary for their position beginning with the fifth year of tenure. This matter is based upon the appointment of the former Superintendent of Schools as Principal of a Middle School, while receiving compensation at a level pursuant to a contract to serve as Superintendent. A grievance hearing occurred and the grievance was denied. The matter is being held in abeyance during pendency of contract negotiations.

There are several pending cases relating to parents of special education students who have filed claims for reimbursement for their costs of private school placements for these children. The School District's legal counsel has valued the annual costs of these various claims to be approximately \$650,000.

The New York State Attorney General is investigating allegations that the School District violated certain state laws prohibiting bid-rigging in its attempted sales of two district-owned properties. The Attorney General has subpoenaed one current School District employee for an investigative interview, has conducted one investigational interview of a former Board member, and has asked to interview another former Board member. Pursuant to its obligations under Public Officers Law Section 18, the School District has resolved to defend and indemnify any of its present or former Board members or employees to the extent they are required to give testimony in connection with the investigation.

There is currently pending a multiple plaintiff lawsuit commenced against the School District, the Board of Education and individual School Board members, which has been filed in the United

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

States District Court for the Southern District of New York. The plaintiff in this proceeding is seeking to 1) prohibit expenditure of School District funds to defend the appeal filed with the State Education Commissioner, 2) prohibit with respect to placement at School District expense or continued placement in a special education program not located in a public school of the School District absent a showing that the School District cannot attend to the child's special education needs, 3) prohibit the expenditure of School District money on any textbook which is not entirely secular in nature and 4) prohibit contracts with any entity controlled by a religious institution to provide Title 1 services in any school in the School District. The plaintiff is seeking compensation for their children's loss of educational activities and for punitive damages in the sum of \$10 million and awarding plaintiffs' attorneys' fees and costs. The School District's legal counsel has not provided a range of the School District's potential liability in this case.

There is an administrative proceeding before the Commissioner of Education for the State of New York. The petition, filed December 4, 2012, seeks the removal of all then-current Board members from elected office, the appointment of a permanent monitor to oversee and approve Board decisions, the appointment of an oversight committee to study the potential for redistricting, and a recommendation from the Commissioner that the State take over the School District. The petition further sought interim relief in the form of an appointment of a monitor to oversee and approve Board decisions, pending determination of the appeal. Pursuant to its obligations under Public Officers Law Section 18, the School District has resolved to defend and indemnify the respondents. On December 21, 2012, the Commissioner denied the petitioner's request for interim relief. The appeal has been fully briefed since January 22, 2013 and is still pending.

There is an action commenced by a current tenant and contract vendee of the premises known as the Colton Elementary School. The litigation was served on the School District on September 3, 2013. The purchase price under the contract of sale is the sum of \$6.6 million. The lawsuit seeks specific performance of the contract, along with a declaratory judgment that the tenant and contract vendee are entitled at closing to the full credit towards the purchase price, allegedly set forth in the second rider to the contract in a sum approximating \$1.5 million. There are also seeking a judgment directing the School District to deliver title to the property to the plaintiffs and there is a second cause of action in the complaint which alleges a breach of contract by the School District and the awarding of unspecified damages to the plaintiffs. The School District intends to strenuously oppose the plaintiffs' complaint and to counterclaim for a declaratory judgment that the plaintiffs are in default of the contract of sale because they are in default of the lease and that the School District has the right or authority to terminate the contract. In addition, the School District is seeking a declaratory judgment that the plaintiffs are not entitled to any rental credit pursuant to the terms of the contract of sale and the two riders to the contract and finally, the School District is seeking monetary damages in an unspecified amount for the plaintiffs' breach of contract.

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.

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.

The School District currently has two labor contracts that are expired as of June 30, 2013. The contract with the Instructional Supervisors union expired as of June 30, 2010 and the contract with the Supervisors of Business union expired as of June 30, 2011. No retroactive accruals have been reflected in the financial statements.

C. Risk Management

The School District and other school districts have formed a self-funded insurance company ("Company") to be owned by these districts. There are presently 340 New York State school districts who subscribe to the Company. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, school board legal liability, auto liability and auto physical damage coverage, excess insurance, equipment floaters, boilers and machinery insurance and all risk building and contents. In addition, as part of the reciprocal program, 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 general liability insurance coverage with policy limits of \$1 million per occurrence and \$3 million in the aggregate and an umbrella policy which provides coverage up to \$25 million. The School District also maintains liability for school board members with policy limits of \$1 million. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District participates in a risk sharing pool, the Rockland County Workers' Compensation Plan, in order to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The Plan's actuary projects that there are sufficient assets in the workers' compensation pool to offset any potential liability.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

For its employee health and hospitalization insurance coverage, the School District is a participant in the New York State Employees Health Insurance Plan, a public entity risk pool operated for the benefit of New York State employers and employees of all local governments and public school districts. The Plan is considered a self-sustaining risk pool, to which the School District has essentially transferred all related risk.

East Ramapo Central School District, New York

Required Supplementary Information - Schedule of Funding Progress

Other Post Employment Benefits

Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2010	\$ -	\$ 311,317,570	\$ 311,317,570	- %	\$ 93,465,675	333.08 %
July 1, 2011	-	311,878,037	311,878,037	-	109,122,040	285.81
July 1, 2012	-	296,910,662	296,910,662	-	98,704,838	300.81

East Ramapo Central School District, New York

General Fund
 Comparative Balance Sheet
 June 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 26,382,070	\$ 17,655,864
Investments	<u>40,561</u>	<u>42,742</u>
Receivables		
Accounts	992,794	792,554
State and Federal aid	3,884,420	3,483,715
Due from other governments	642,781	1,192,051
Due from other funds	6,669,639	9,196,587
Advances to other funds	<u>669,617</u>	<u>669,617</u>
	<u>12,859,251</u>	<u>15,334,524</u>
Total Assets	<u>\$ 39,281,882</u>	<u>\$ 33,033,130</u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	\$ 8,495,288	\$ 4,181,474
Accrued liabilities	1,282,467	1,309,233
Due to other funds	-	485,215
Due to other governments	253,834	-
Due to retirement systems	11,283,291	11,272,328
Budget note payable	7,412,491	-
Tax anticipation notes payable	<u>17,000,000</u>	<u>15,000,000</u>
Total Liabilities	<u>45,727,371</u>	<u>32,248,250</u>
Fund balance (deficit)		
Nonspendable	669,617	669,617
Restricted	857,108	971,421
Unassigned	<u>(7,972,214)</u>	<u>(856,158)</u>
Total Fund Balance (Deficit)	<u>(6,445,489)</u>	<u>784,880</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 39,281,882</u>	<u>\$ 33,033,130</u>

East Ramapo Central School District, New York

General Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Years Ended June 30,

	2013				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
REVENUES					
Real property taxes	\$ 120,314,242	\$ 120,314,242	\$ 119,806,648	\$	\$ (507,594)
Other tax items	17,207,215	17,207,215	17,194,006		(13,209)
Charges for services	1,472,000	1,472,000	1,335,247		(136,753)
Use of money and property	1,200,000	1,200,000	1,513,181		313,181
Sale of property and compensation for loss	-	54,345	412,892		358,547
State aid	48,381,536	48,681,536	49,602,465		920,929
Federal aid	2,760,000	2,760,000	1,205,106		(1,554,894)
Miscellaneous	493,398	1,209,682	2,363,266		1,153,584
Total Revenues	191,828,391	192,899,020	193,432,811		533,791
EXPENDITURES					
Current					
General support					
Board of education	203,899	253,482	240,410	5,000	8,072
Central administration	495,587	565,095	564,319	-	776
Finance	1,280,558	1,434,544	1,285,369	138,524	10,651
Staff	1,390,376	3,743,568	3,722,693	16,782	4,093
Central services	11,623,322	10,246,864	10,148,924	66,841	31,099
Special items	1,852,333	2,524,689	2,498,300	22,500	3,889
Total General Support	16,846,075	18,768,242	18,460,015	249,647	58,580
Instruction					
Instruction, administration and improvement					
Teaching - Regular school	6,290,195	6,217,560	6,190,185	4,276	23,099
Programs for children with handicapping conditions	47,938,010	48,733,561	48,464,624	202,271	66,666
Teaching - Special schools	33,693,760	36,912,128	36,603,807	304,205	4,116
Instructional media	3,018,652	3,127,950	3,127,949	-	1
Pupil services	1,927,925	2,585,083	2,563,555	7,128	14,400
	11,417,358	11,542,137	11,306,745	162,961	72,431
Total Instruction	104,285,900	109,118,419	108,256,865	680,841	180,713
Pupil transportation	24,501,482	25,835,088	25,827,023	2,287	5,778
Community services	130,541	130,571	126,043	-	4,528
Employee benefits	42,887,872	44,301,103	44,299,721	-	1,382
Debt service					
Principal	2,941,938	2,941,938	2,941,937	-	1
Interest	859,995	780,808	774,470	-	6,338
Total Expenditures	192,453,803	201,876,169	200,686,074	932,775	257,320
Deficiency of Revenues Over Expenditures	(625,412)	(8,977,149)	(7,253,263)	(932,775)	791,111
OTHER FINANCING SOURCES (USES)					
Bonds issued	-	364,873	364,873	-	-
Budget note issued	-	7,412,491	-	-	(7,412,491)
Transfers in	100,000	100,000	100,000	-	-
Transfers out	(400,000)	(466,401)	(441,979)	-	24,422
Total Other Financing Sources (Uses)	(300,000)	7,410,963	22,894	-	(7,388,069)
Net Change in Fund Balance	(925,412)	(1,566,186)	(7,230,369)	\$ (932,775)	\$ (6,596,958)
Fund Balance -					
Beginning of Year	925,412	1,566,186	784,880		
Fund Balance (Deficit) - End of Year	\$ -	\$ -	\$ (6,445,489)		

2012				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 117,706,241	\$ 117,706,245	\$ 117,405,135	\$	\$ (301,110)
17,140,000	17,140,000	16,884,109		(255,891)
1,473,000	1,473,000	1,400,459		(72,541)
320,000	320,000	1,421,347		1,101,347
-	-	137,616		137,616
46,471,030	46,471,030	46,959,504		488,474
4,200,000	4,200,000	647,176		(3,552,824)
2,416,716	2,421,541	2,153,328		(268,213)
<u>189,726,987</u>	<u>189,731,816</u>	<u>187,008,674</u>		<u>(2,723,142)</u>
204,030	243,767	235,451	5,615	2,701
442,439	530,258	529,659	-	599
1,256,729	1,345,211	1,237,577	86,360	21,274
1,368,111	1,416,633	1,361,513	51,487	3,633
12,944,101	11,052,712	10,815,209	190,485	47,018
2,495,054	3,637,308	3,601,471	35,833	4
<u>18,710,464</u>	<u>18,225,889</u>	<u>17,780,880</u>	<u>369,780</u>	<u>75,229</u>
8,094,567	7,238,883	7,212,900	22,185	3,798
50,011,635	50,115,478	49,892,832	221,692	954
30,529,243	34,698,009	34,492,969	204,885	155
3,422,583	3,125,315	3,125,315	-	-
3,028,691	2,645,530	2,643,984	750	796
14,694,769	13,207,238	13,100,392	99,924	6,922
<u>109,781,488</u>	<u>111,030,453</u>	<u>110,468,392</u>	<u>549,436</u>	<u>12,625</u>
26,516,488	25,762,409	25,732,539	6,196	23,674
142,891	111,381	110,266	-	1,115
39,533,111	42,990,665	42,988,448	-	2,217
2,894,392	2,269,461	2,269,461	-	-
1,175,522	847,643	847,643	-	-
<u>198,754,356</u>	<u>201,237,901</u>	<u>200,197,629</u>	<u>925,412</u>	<u>114,860</u>
<u>(9,027,369)</u>	<u>(11,506,085)</u>	<u>(13,188,955)</u>	<u>(925,412)</u>	<u>(2,608,282)</u>
-	-	-	-	-
-	-	-	-	-
300,000	300,000	300,000	-	-
(940,266)	(551,313)	(551,313)	-	-
<u>(640,266)</u>	<u>(251,313)</u>	<u>(251,313)</u>	<u>-</u>	<u>-</u>
(9,667,635)	(11,757,398)	(13,440,268)	\$ (925,412)	\$ (2,608,282)
9,667,635	11,757,398	14,225,148		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 784,880</u>		

East Ramapo Central School District, New York

**General Fund
Schedule of Revenues and Other Financing Sources Compared to Budget
Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 120,314,242	\$ 120,314,242	\$ 119,806,648	\$ (507,594)
OTHER TAX ITEMS				
School tax relief reimbursement	16,857,215	16,857,215	16,857,215	-
Payments in lieu of taxes	350,000	350,000	336,791	(13,209)
	17,207,215	17,207,215	17,194,006	(13,209)
CHARGES FOR SERVICES				
Day school tuition - Other districts	1,150,000	1,150,000	1,283,966	133,966
Health services - Other districts	322,000	322,000	49,818	(272,182)
Transportation services - Other districts	-	-	500	500
Other charges for services	-	-	963	963
	1,472,000	1,472,000	1,335,247	(136,753)
USE OF MONEY AND PROPERTY				
Earnings on investments	100,000	100,000	119,348	19,348
Rental of real property - Individuals	1,100,000	1,100,000	1,365,928	265,928
Rental of real property - BOCES and other governments	-	-	27,905	27,905
	1,200,000	1,200,000	1,513,181	313,181
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Minor sales	-	-	2,041	2,041
Insurance recoveries	-	-	109,982	109,982
Other compensation for loss	-	54,345	300,869	246,524
	-	54,345	412,892	358,547

STATE AID					
Basic formula	42,270,384	42,270,384	42,962,080	691,696	
BOCES	2,241,411	2,241,411	1,574,428	(666,983)	
Tuition aid for students with disabilities	1,650,472	1,650,472	1,982,025	331,553	
Textbooks	1,609,331	1,609,331	1,618,890	9,559	
Computer software	448,144	448,144	578,683	130,539	
Library materials	161,794	161,794	180,608	18,814	
Tax limitation aid	-	300,000	485,707	185,707	
Emergency management assistance	-	-	220,044	220,044	
	<u>48,381,536</u>	<u>48,681,536</u>	<u>49,602,465</u>	<u>920,929</u>	
FEDERAL AID					
Emergency management assistance	-	-	19,105	19,105	
Medical assistance	2,760,000	2,760,000	1,186,001	(1,573,999)	
	<u>2,760,000</u>	<u>2,760,000</u>	<u>1,205,106</u>	<u>(1,554,894)</u>	
MISCELLANEOUS					
Other	493,398	498,098	625,655	127,557	
Refund for BOCES' aided services	-	-	922,487	922,487	
Medicare Part D reimbursement	-	711,584	711,584	-	
Refund of prior year's expenditures	-	-	103,540	103,540	
	<u>493,398</u>	<u>1,209,682</u>	<u>2,363,266</u>	<u>1,153,584</u>	
TOTAL REVENUES	<u>191,828,391</u>	<u>192,899,020</u>	<u>193,432,811</u>	<u>533,791</u>	
OTHER FINANCING SOURCES					
Bonds issued	-	364,873	364,873	-	
Budget note issued	-	7,412,491	-	(7,412,491)	
Transfers in	100,000	100,000	100,000	-	
Debt Service Fund					
	<u>100,000</u>	<u>7,877,364</u>	<u>464,873</u>	<u>(7,412,491)</u>	
TOTAL OTHER FINANCING SOURCES					
	<u>\$ 191,928,391</u>	<u>\$ 200,776,384</u>	<u>\$ 193,897,684</u>	<u>\$ (6,878,700)</u>	

East Ramapo Central School District, New York

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

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 3,500	\$ 3,500	\$ 2,448	\$ -	\$ 1,052
District clerk	129,399	145,191	137,646	5,000	2,545
District meeting	71,000	104,791	100,316	-	4,475
Total Board of Education	203,899	253,482	240,410	5,000	8,072
CENTRAL ADMINISTRATION					
Chief school administrator	495,587	565,095	564,319	-	776
FINANCE					
Business administration	364,490	497,668	361,401	133,824	2,443
Accounting	562,680	576,240	574,896	-	1,344
Auditing	63,120	84,095	82,345	1,750	-
Treasurer	57,266	56,566	54,856	-	1,710
Purchasing	233,002	219,975	211,871	2,950	5,154
Total Finance	1,280,558	1,434,544	1,285,369	138,524	10,651
STAFF					
Legal	708,212	3,172,740	3,155,958	16,782	-
Personnel	631,264	561,156	557,363	-	3,793
Records management officer	9,000	-	-	-	-
Public information and services	41,900	9,672	9,372	-	300
Total Staff	1,390,376	3,743,568	3,722,693	16,782	4,093

CENTRAL SERVICES							
Operation of plant	7,428,351	6,772,167	6,730,220	38,314	3,633		
Maintenance of plant	2,774,304	2,570,999	2,521,900	28,527	20,572		
Central storeroom	30,826	29,826	27,597	-	2,229		
Central printing and mailing	558,411	412,796	412,796	-	-		
Central office supplies	18,498	4,378	1,046	-	3,332		
Central data processing	812,932	456,698	455,365	-	1,333		
Total Central Services	11,623,322	10,246,864	10,148,924	66,841	31,099		
SPECIAL ITEMS							
Unallocated insurance	343,000	385,361	385,357	-	4		
School association dues	24,000	24,000	20,495	-	3,505		
Judgments and claims	235,833	320,922	298,422	22,500	-		
Assessments on school property	200,000	231,000	230,621	-	379		
Refunds of real property taxes	50,000	531,630	531,630	-	-		
Administrative charge - BOCES	999,500	1,031,776	1,031,775	-	1		
Total Special Items	1,852,333	2,524,689	2,498,300	22,500	3,889		
Total General Support	16,846,075	18,768,242	18,460,015	249,647	58,580		

INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development	397,813	294,804	286,044	-	8,760		
Supervision - Regular school	4,911,320	5,160,111	5,155,451	3,500	1,160		
Supervision - District-wide	833,812	678,279	672,593	176	5,510		
Research, planning and evaluation	110,750	10,957	6,099	600	4,258		
In-service training and instruction	36,500	73,409	69,998	-	3,411		
Total Instruction, Administration and Improvement	6,290,195	6,217,560	6,190,185	4,276	23,099		
TEACHING - REGULAR SCHOOL	47,938,010	48,733,561	48,464,624	202,271	66,666		

PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS
Programs for students with disabilities

TEACHING - SPECIAL SCHOOLS	33,693,760	36,912,128	36,603,807	304,205	4,116		
	3,018,652	3,127,950	3,127,949	-	1		

(Continued)

East Ramapo Central School District, New York

**General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)
Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
INSTRUCTIONAL MEDIA					
School library and audiovisual Computer assisted instruction	\$ 717,625 1,210,300	\$ 695,157 1,889,926	\$ 684,917 1,878,638	\$ 3,198 3,930	\$ 7,042 7,358
Total Instructional Media	1,927,925	2,585,083	2,563,555	7,128	14,400
PUPIL SERVICES					
Attendance - Regular school	60,094	60,094	58,732	-	1,362
Guidance - Regular school	1,982,687	1,952,916	1,949,418	315	3,183
Health services - Regular school	2,869,979	2,643,906	2,490,421	153,382	103
Psychological services - Regular school	2,618,192	2,740,557	2,739,988	255	314
Social work services - Regular school	-	12,000	12,000	-	-
Speech therapy - Regular school	2,944,114	3,063,199	3,058,092	-	5,107
Co-curricular activities - Regular school	354,205	321,143	300,956	1,021	19,166
Interscholastic athletics - Regular school	588,087	748,322	697,138	7,988	43,196
Total Pupil Services	11,417,358	11,542,137	11,306,745	162,961	72,431
Total Instruction	104,285,900	109,118,419	108,256,865	680,841	180,713
PUPIL TRANSPORTATION					
District transportation services	4,087,213	4,593,015	4,587,325	1,447	4,243
Transportation - BOCES	169,281	430,822	430,821	-	1
Contract transportation	20,244,988	20,811,251	20,808,877	840	1,534
Total Pupil Transportation	24,501,482	25,835,088	25,827,023	2,287	5,778

COMMUNITY SERVICES					
Census	130,541	130,571	126,043	-	4,528
EMPLOYEE BENEFITS					
State retirement	2,963,882	3,575,283	3,575,281	-	2
Teachers' retirement	8,519,529	8,961,761	8,961,761	-	-
Social security	6,847,764	6,782,739	6,782,739	-	-
Hospital, medical and dental insurance	22,751,697	23,311,980	23,310,600	-	1,380
Unemployment benefits	800,000	405,789	405,789	-	-
Workers' compensation benefits	1,005,000	1,263,551	1,263,551	-	-
Total Employee Benefits	42,887,872	44,301,103	44,299,721	-	1,382
DEBT SERVICE					
Principal					
Serial bonds	1,960,000	1,960,000	1,960,000	-	-
Energy performance contracts	981,938	981,938	981,937	-	1
Interest					
Serial bonds	2,941,938	2,941,938	2,941,937	-	1
Energy performance contracts	604,925	513,238	506,900	-	6,338
Tax anticipation notes	205,070	205,070	205,070	-	-
	50,000	62,500	62,500	-	-
Total Debt Service	859,995	780,808	774,470	-	6,338
TOTAL EXPENDITURES	3,801,933	3,722,746	3,716,407	-	6,339
	192,453,803	201,876,169	200,686,074	932,775	257,320
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	-	92,401	68,995	-	23,406
Special Aid Fund	400,000	374,000	372,984	-	1,016
TOTAL OTHER FINANCING USES	400,000	466,401	441,979	-	24,422
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 192,853,803	\$ 202,342,570	\$ 201,128,053	\$ 932,775	\$ 258,336

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East Ramapo Central School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 1,619,558	\$ 770,392
Investments	<u>144</u>	<u>144</u>
Receivables		
Accounts	4,248	6,372
State and Federal aid	<u>5,243,017</u>	<u>7,960,014</u>
	<u>5,247,265</u>	<u>7,966,386</u>
Total Assets	<u>\$ 6,866,967</u>	<u>\$ 8,736,922</u>
LIABILITIES		
Accounts payable	\$ 746,518	\$ 826,951
Accrued liabilities	46,611	63,298
Unearned revenues	7,311	-
Due to other funds	<u>6,066,527</u>	<u>7,846,673</u>
Total Liabilities	<u>\$ 6,866,967</u>	<u>\$ 8,736,922</u>

East Ramapo Central School District, New York

Special Aid Fund
 Comparative Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Years Ended June 30,

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
State aid	\$ 7,155,929	\$ 7,137,613	\$ 6,740,440	\$ (397,173)
Federal aid	25,405,033	26,836,379	21,945,114	(4,891,265)
Miscellaneous	12,125	12,125	12,125	-
Total Revenues	32,573,087	33,986,117	28,697,679	(5,288,438)
EXPENDITURES				
Current				
Instruction	32,973,087	34,360,117	29,070,663	5,289,454
Deficiency of Revenues Over Expenditures	(400,000)	(374,000)	(372,984)	1,016
OTHER FINANCING SOURCES				
Transfers in	400,000	374,000	372,984	(1,016)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 6,895,092	\$ 7,196,797	\$ 7,042,600	\$ (154,197)
25,097,873	29,692,878	23,224,252	(6,468,626)
24,250	24,250	24,250	-
32,017,215	36,913,925	30,291,102	(6,622,823)
32,917,481	37,343,925	30,816,088	6,527,837
(900,266)	(430,000)	(524,986)	(94,986)
900,266	430,000	524,986	94,986
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

East Ramapo Central School District, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	<u>\$ 28,001</u>	<u>\$ 327,326</u>
Investments	<u>5</u>	<u>5</u>
Receivables		
State and Federal aid	11,248	11,248
Due from other funds	<u>-</u>	<u>485,097</u>
	<u>11,248</u>	<u>496,345</u>
Total Assets	<u><u>\$ 39,254</u></u>	<u><u>\$ 823,676</u></u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Due to other funds	\$ 23,411	807,832
Advances from other funds	669,617	669,617
Due to other governments	<u>15,843</u>	<u>15,844</u>
	708,871	1,493,293
Fund deficit		
Unassigned	<u>(669,617)</u>	<u>(669,617)</u>
Total Liabilities and Fund Deficit	<u><u>\$ 39,254</u></u>	<u><u>\$ 823,676</u></u>

East Ramapo Central School District, New York

Capital Projects Fund
 Comparative Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Years Ended June 30,

	<u>2013</u>	<u>2012</u>
REVENUES		
State aid	\$ -	\$ 381,655
EXPENDITURES		
Capital outlay	<u>68,995</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(68,995)</u>	<u>381,655</u>
OTHER FINANCING SOURCES		
Bonds issued	-	7,180,000
Transfers in	<u>68,995</u>	<u>26,327</u>
Total Other Financing Sources	<u>68,995</u>	<u>7,206,327</u>
Net Change in Fund Balance	-	7,587,982
Fund Deficit - Beginning of Year	<u>(669,617)</u>	<u>(8,257,599)</u>
Fund Deficit - End of Year	<u><u>\$ (669,617)</u></u>	<u><u>\$ (669,617)</u></u>

East Ramapo Central School District, New York

Capital Projects Fund

Project-Length Schedule

Inception Of Project Through June 30, 2013

PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
Warehouse	\$ 63,000	\$ 83,445	\$ -	\$ 83,445
Various District Improvements	14,325,000	14,323,656	-	14,323,656
Emergency Repairs - Kakiat Elementary and Spring Valley High Schools	92,401	-	68,995	68,995
Totals	<u>\$ 14,480,401</u>	<u>\$ 14,407,101</u>	<u>\$ 68,995</u>	<u>\$ 14,476,096</u>

Unexpended Balance	Methods of Financing			Fund Deficit at June 30, 2013	
	Proceeds of Obligations	State and Federal Aid	Transfers		Total
\$ (20,445)	\$ 63,000	\$ -	\$ -	\$ 63,000	\$ (20,445)
1,344	7,180,000	5,818,825	675,659	13,674,484	(649,172)
23,406	-	-	68,995	68,995	-
<u>\$ 4,305</u>	<u>\$ 7,243,000</u>	<u>\$ 5,818,825</u>	<u>\$ 744,654</u>	<u>\$ 13,806,479</u>	<u>\$ (669,617)</u>

East Ramapo Central School District, New York

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

	School Lunch	Special Purpose	Debt Service
ASSETS			
Cash and equivalents	\$ 28,470	\$ 6,426	\$ 454,487
Investments	468	297,059	741
Receivables			
State and Federal aid	223,609	-	-
Due from other funds	-	-	5
	223,609	-	5
Inventories	57,992	-	-
Total Assets	<u>\$ 310,539</u>	<u>\$ 303,485</u>	<u>\$ 455,233</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 167,173	\$ -	\$ -
Accrued liabilities	98	-	-
Due to other funds	579,706	-	-
Total Liabilities	<u>746,977</u>	<u>-</u>	<u>-</u>
Fund balances (deficits)			
Nonspendable	57,992	-	-
Restricted	-	303,485	355,233
Assigned	-	-	100,000
Unassigned	(494,430)	-	-
Total Fund Balances (Deficits)	<u>(436,438)</u>	<u>303,485</u>	<u>455,233</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 310,539</u>	<u>\$ 303,485</u>	<u>\$ 455,233</u>

Total Non-Major
Governmental Funds

2013	2012
\$ 489,383	\$ 1,279,724
<u>298,268</u>	<u>306,417</u>
223,609	248,555
5	-
<u>223,614</u>	<u>248,555</u>
<u>57,992</u>	<u>14,918</u>
<u>\$ 1,069,257</u>	<u>\$ 1,849,614</u>
\$ 167,173	\$ 142,535
98	1,788
<u>579,706</u>	<u>541,964</u>
<u>746,977</u>	<u>686,287</u>
57,992	14,918
658,718	765,688
100,000	382,721
<u>(494,430)</u>	<u>-</u>
<u>322,280</u>	<u>1,163,327</u>
<u>\$ 1,069,257</u>	<u>\$ 1,849,614</u>

East Ramapo Central School District, New York

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Non-Major Governmental Funds
 Year Ended June 30, 2013
 (With Comparative Totals For 2012)

	School Lunch	Special Purpose	Debt Service
REVENUES			
Use of money and property	\$ 154	\$ 53	\$ 1,560
State aid	106,626	-	-
Federal aid	3,264,265	-	-
Food sales	582,316	-	-
Miscellaneous	-	7,867	-
Total Revenues	<u>3,953,361</u>	<u>7,920</u>	<u>1,560</u>
EXPENDITURES			
Current			
Cost of food sales	4,687,438	-	-
Other	-	16,450	-
Total Expenditures	<u>4,687,438</u>	<u>16,450</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(734,077)	(8,530)	1,560
OTHER FINANCING USES			
Transfers out	-	-	(100,000)
Net Change in Fund Balances	(734,077)	(8,530)	(98,440)
Fund Balances - Beginning of Year	297,639	312,015	553,673
Fund Balances (Deficits) - End of Year	<u>\$ (436,438)</u>	<u>\$ 303,485</u>	<u>\$ 455,233</u>

Total Non-Major
Governmental Funds

2013	2012
\$ 1,767	\$ 7,904
106,626	120,707
3,264,265	3,300,740
582,316	573,414
7,867	18,424
<u>3,962,841</u>	<u>4,021,189</u>
4,687,438	5,057,228
16,450	25,125
<u>4,703,888</u>	<u>5,082,353</u>
(741,047)	(1,061,164)
(100,000)	(300,000)
(841,047)	(1,361,164)
<u>1,163,327</u>	<u>2,524,491</u>
<u>\$ 322,280</u>	<u>\$ 1,163,327</u>

East Ramapo Central School District, New York

School Lunch Fund
 Comparative Balance Sheet
 June 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 28,470	\$ 420,103
Investments	468	468
State and Federal aid receivable	223,609	248,555
Inventories	<u>57,992</u>	<u>14,918</u>
Total Assets	<u><u>\$ 310,539</u></u>	<u><u>\$ 684,044</u></u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	\$ 167,173	\$ 142,535
Accrued liabilities	98	1,788
Due to other funds	<u>579,706</u>	<u>242,082</u>
Total Liabilities	<u>746,977</u>	<u>386,405</u>
Fund balance (deficit)		
Nonspendable	57,992	14,918
Assigned	-	282,721
Unassigned	<u>(494,430)</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>(436,438)</u>	<u>297,639</u>
Total Liabilities and Fund Balance (Deficit)	<u><u>\$ 310,539</u></u>	<u><u>\$ 684,044</u></u>

East Ramapo Central School District, New YorkSchool Lunch Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2013</u>	<u>2012</u>
REVENUES		
Use of money and property	\$ 154	\$ 5,379
State aid	106,626	120,707
Federal aid	3,264,265	3,300,740
Food sales	<u>582,316</u>	<u>573,414</u>
Total Revenues	3,953,361	4,000,240
EXPENDITURES		
Current		
Cost of food sales	<u>4,687,438</u>	<u>5,057,228</u>
Deficiency of Revenues Over Expenditures	(734,077)	(1,056,988)
Fund Balance - Beginning of Year	<u>297,639</u>	<u>1,354,627</u>
Fund Balance (Deficit) - End of Year	<u>\$ (436,438)</u>	<u>\$ 297,639</u>

East Ramapo Central School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 6,426	\$ 6,807
Investments	<u>297,059</u>	<u>305,208</u>
Total Assets	<u>\$ 303,485</u>	<u>\$ 312,015</u>
FUND BALANCE		
Restricted	<u>\$ 303,485</u>	<u>\$ 312,015</u>

East Ramapo Central School District, New York

Special Purpose Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2013</u>	<u>2012</u>
REVENUES		
Use of money and property	\$ 53	\$ 33
Miscellaneous	<u>7,867</u>	<u>18,424</u>
Total Revenues	7,920	18,457
EXPENDITURES		
Current		
Other	<u>16,450</u>	<u>25,125</u>
Deficiency of Revenues Over Expenditures	(8,530)	(6,668)
Fund Balance - Beginning of Year	<u>312,015</u>	<u>318,683</u>
Fund Balance - End of Year	<u><u>\$ 303,485</u></u>	<u><u>\$ 312,015</u></u>

East Ramapo Central School District, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 454,487	\$ 852,814
Investments	741	741
Due from Other Funds	<u>5</u>	<u>-</u>
Total Assets	<u>\$ 455,233</u>	<u>\$ 853,555</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	<u>\$ -</u>	<u>\$ 299,882</u>
Fund Balance		
Restricted	355,233	453,673
Assigned	<u>100,000</u>	<u>100,000</u>
Total Fund Balance	<u>455,233</u>	<u>553,673</u>
Total Liabilities and Fund Balance	<u>\$ 455,233</u>	<u>\$ 853,555</u>

East Ramapo Central School District, New York

Debt Service Fund
 Comparative Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Years Ended June 30,

	<u>2013</u>	<u>2012</u>
REVENUES		
Use of money and property	\$ 1,560	\$ 2,492
OTHER FINANCING USES		
Transfers out	<u>(100,000)</u>	<u>(300,000)</u>
Net Change in Fund Balance	(98,440)	(297,508)
Fund Balance - Beginning of Year	<u>553,673</u>	<u>851,181</u>
Fund Balance - End of Year	<u><u>\$ 455,233</u></u>	<u><u>\$ 553,673</u></u>

East Ramapo Central School District, New York

General Fund
Analysis of Change from Adopted Budget to Final Budget
Year Ended June 30, 2013

Adopted Budget	\$ 191,928,391
Additions - Encumbrances	<u>925,412</u>
Original Budget	192,853,803
Budget Amendments	<u>9,488,767</u>
Final Budget	<u><u>\$ 202,342,570</u></u>

General Fund
Section 1318 of Real Property Tax Law Limit Calculation

2013-2014 Expenditure Budget	\$ 209,517,465
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	\$ -
Unassigned fund balance	<u>(7,972,214)</u>
Total Unrestricted Fund Balance	(7,972,214)
Less	
Encumbrances	<u>932,775</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ (8,904,989)</u></u>
Actual Percentage	(4.25) %

East Ramapo Central School District, New York

Schedule of Net Investment in Capital Assets

Year Ended June 30, 2013

Capital Assets, net		\$ 45,199,921
Less		
Bonds payable	(12,789,873)	
Unamortized portion of issuance premium on refunding bonds	(486,058)	
Energy performance contract payable	<u>(4,758,133)</u>	(18,034,064)
Plus		
Unamortized portion of issuance costs on refunding bonds	59,220	
Unamortized portion of loss on refunding bonds	<u>156,837</u>	<u>216,057</u>
Net Investment in Capital Assets		<u>\$ 27,381,914</u>

