

EAST RAMAPO CENTRAL SCHOOL DISTRICT, NEW YORK

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2012

WITH INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the East Ramapo Central School District, New York ("School District") as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District as of June 30, 2012 and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Special Aid funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2012 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

O'CONNOR DAVIES, LLP

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements as a whole. The combining fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

October 10, 2012

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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the East Ramapo Central School District, New York ("School District") as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
October 10, 2012

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

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, 2010. 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 2012 are as follows:

- As of June 30, 2012, the total fund balance of the General Fund was \$784,880, a decrease of \$13,440,268 from the previous year's ending fund balance. A portion of this fund balance 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 \$971,421 for funds set aside for tax certiorari obligations (\$870,308) and self-insured obligations (\$101,113). Encumbrances for various purchase order obligations total \$925,412 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 \$1,781,570 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 million, or approximately \$10 million more than what currently exists.
- On the district-wide financial statements, the liabilities of the School District exceeded assets by \$69,890,756. The unrestricted portion of net assets at year-end is a deficit \$99,508,040. 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 \$97,647,072 at June 30, 2012, an increase of \$18 million over the liability recorded as of June 30, 2011.
- The School District operated the General Fund under a contingent budget in fiscal year 2011-2012, since the voters did not approve the 2011-12 spending plan. However, the School District budget was approved by the voters for fiscal year 2012-13.
- Due to the School District's low fund balance position, cash flow borrowings in the form of tax anticipation notes were necessary. During the fiscal year, the School District had issued and redeemed a \$5 million note. At the end of the 2011-2012 fiscal year, a new borrowing in the amount of \$15,000,000 in anticipation of the receipt of taxes to be levied for the fiscal year ending June 30, 2013 was required. The note was dated June 26, 2012 with a maturity date of October 26, 2012 and bears interest at the rate of 1.25% per annum, payable at maturity.
- A serial bond in the amount of \$7,180,000 was issued. For this bond issuance, the School District received a rating from Moody's Investors Service of A2, a downgrade from its previous rating of Aa2. This amount, together with \$4,529,511 in State aid EXCEL funds and \$335,489 of operating funds

provided in the General Fund budget were used to redeem a bond anticipation note in the amount of \$12,045,000 that matured June 15, 2012. The bond and state aid proceeds were used to finance improvements to various School District facilities.

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 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 assets* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
- The *statement of activities* presents information showing how the School District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The *governmental* activities of the District include instruction, pupil transportation, community services, cost of food sales, other, 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 Fund, Special Aid Fund and Capital Projects Fund, 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 Fund and Special Aid Fund. A budgetary comparison statement has been provided for these 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 assets 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 \$69,890,756 at the close of the current fiscal year. For the prior year, this same figure was \$36,183,156. The significant decrease from the prior year is primarily due to the recognition of the OPEB obligation mentioned earlier as well as operating expenditures in excess of revenues.

Net Assets

	June 30,	
	2012	2011
Current Assets	\$ 34,166,066	\$ 42,636,794
Capital Assets, net	47,945,107	51,739,474
Total Assets	82,111,173	94,376,268
Current Liabilities	32,861,441	34,085,782
Long-term Liabilities	119,140,488	96,473,642
Total Liabilities	152,001,929	130,559,424
Net Assets:		
Invested in Capital Assets		
Net of Related Debt	27,482,536	24,074,943
Restricted for:		
Debt Service	553,673	851,181
Tax Certiorari	870,308	2,281,932
Insurance	101,113	100,728
School Lunch	297,639	-
Special Purposes	312,015	318,683
Retirement System Contributions	-	627,720
Unrestricted	(99,508,040)	(64,438,343)
Total Net Assets	\$ (69,890,756)	\$ (36,183,156)

The largest component of the School District's net assets reflects its investment in capital assets (\$27,482,536), 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 \$2,134,748 of net assets and are comprised of amounts restricted for specific purposes, i.e., payments of tax certioraris, debt service, workers' compensation, etc. The remaining balance represents an unrestricted net deficit of \$99,508,040. This deficit results mainly from the accrual of the School District's other post employment benefit obligation aggregating \$97,647,072 at June 30, 2012.

Change in Net Assets

	June 30,	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 3,213,676	\$ 2,094,796
Operating grants and contributions	38,029,621	37,193,364
Capital grants and contributions	384,147	-
Total Program Revenues	41,627,444	39,288,160
General Revenues:		
Real property taxes	117,405,135	115,607,712
Other tax items	16,884,109	16,939,812
Unrestricted use of money and property	170,740	1,432,783
Sale of property and compensation for loss	137,616	90,419
Unrestricted State aid	43,324,248	41,183,583
Unrestricted Federal aid	-	5,533,605
Miscellaneous	2,153,328	5,332,799
Total General Revenues	180,075,176	186,120,713
Total Revenues	221,702,620	225,408,873
Expenses:		
General support	22,816,319	30,498,549
Instruction	198,319,177	190,670,405
Pupil transportation	28,439,330	26,729,939
Community service	180,066	126,765
Cost of food sales	4,911,485	3,862,751
Other	25,125	17,358
Debt service - interest	718,718	770,979
Total Expenses	255,410,220	252,676,746
Change in Net Assets	(33,707,600)	(27,267,873)
Net Assets, Beginning	(36,183,156)	(8,915,283)
Net Assets, End	\$ (69,890,756)	\$ (36,183,156)

The major changes are as follows:

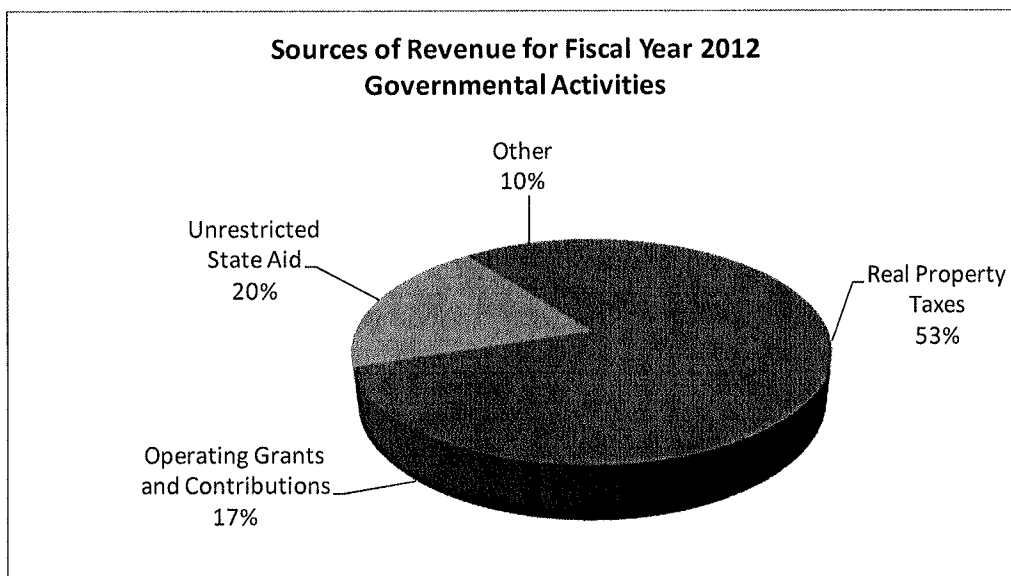
Revenues:

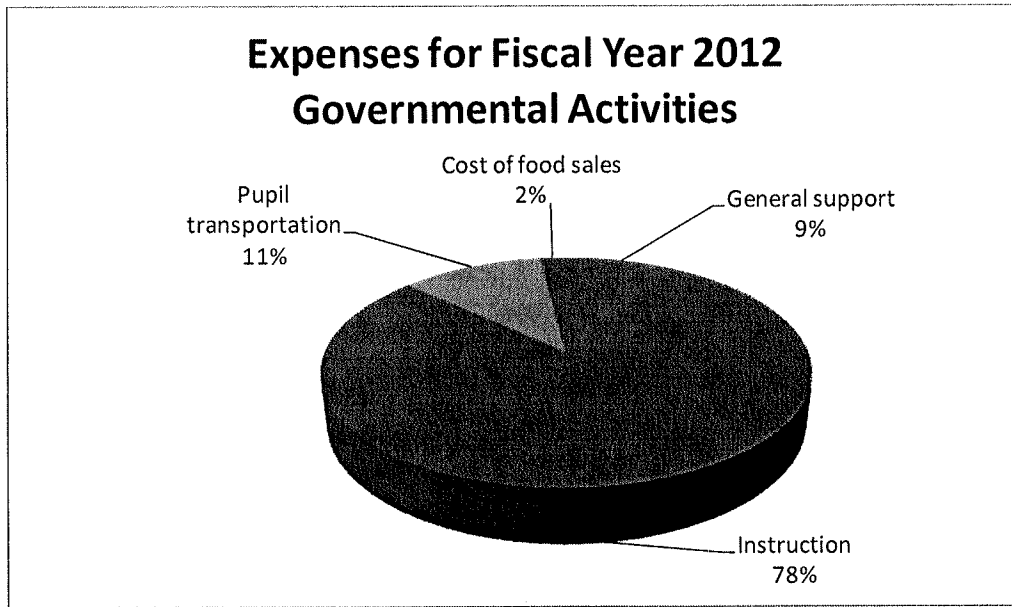
- Real property taxes increased by \$1,797,423, from \$115,607,712 in 2010-11 to \$117,405,135 in 2011-12, an increase of 1.55% due to a higher tax levy.
- Capital grants and contributions increased by \$384,147, from the receipt of EXCEL state aid for the district-wide capital improvement projects.
- Unrestricted State Aid to the School District increased by \$2,140,665, from \$41,183,583 in 2010-11 to \$43,324,248 in 2011-12, an increase of 5.2% due to excess cost aid reimbursements.
- Unrestricted Federal Aid decreased by \$5,533,605 as the federal stimulus program, the "American Reinvestment and Recovery Act" funds expired at the end of the 2010-11 prior fiscal year.
- Miscellaneous revenues decreased by \$3,179,471 due to a drop in Medicaid reimbursements.

Expenses:

- General Support expenses decreased by \$7,682,230, from \$30,498,549 in 2010-11 to \$22,816,319 in 2011-12, due to the School District's efforts to control expenses and minimize tax levy increases. The district minimized equipment purchases and implemented workforce reductions to meet this objective.
- Instruction expenses increased by \$7,648,772, from \$190,670,405 in 2010-11 to \$198,319,177 in 2011-12. The primary reason for this increase was contractual wage increases pursuant to collective bargaining agreements and the accrual of the OPEB obligation.
- Pupil Transportation expenses increased by \$1,709,391 from \$26,729,939 in 2010-11 to \$28,439,330 in 2011-12, primarily due to the accrual of the OPEB obligation. The program transported approximately 26,000 pupils each day.

As indicated on the following table, 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 78% of its expenses.





Financial Analysis of the District's Funds

As noted earlier, the 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 are inherently nonspendable in the current period either 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 combined fund balances of \$1,278,590, a decrease of \$7,213,450 from the prior year. Exclusive of the Capital Projects Fund, total fund balance aggregates \$1,948,207. Of this amount, \$684,535 is in nonspendable form (\$669,717 for advances to the Capital Projects Fund and \$14,918 for inventories) while \$1,837,109 is restricted for various purposes (\$870,308 for tax certiorari obligations, \$101,113 for self insured insurance purposes, \$553,673 for debt service purposes and \$312,015 for special purposes). Another \$282,721 of the total fund balance is assigned to be used for School Lunch Fund purposes. The remainder of the total fund balance is a deficit of \$856,158. Of this amount, \$925,412 is earmarked to fund encumbrances and the remainder (a deficit of \$1,781,570) 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 \$784,880. This represents a decrease of \$13,440,268 from the prior year, thereby nearly exhausting all available funds.

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

General Fund Budgetary Highlights

The School District operated on a contingent budget for the 2010-11 fiscal year. The original budget of \$199,694,622 (inclusive of the rollover of prior year encumbrances of \$811,585) was increased by \$2,094,592, primarily from the appropriation of fund balance restricted for tax certiorari obligations. Revenues and other financing sources were \$2,723,142 less than the final budget. This shortage was primarily caused by Medicaid revenues falling significantly short of budgetary expectations by \$3,574,648. Expenditures and other financing uses were only \$114,860 less than the final budget.

Capital Assets

At June 30, 2012, the School District had capital assets of \$47,945,107 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,	
	<u>2012</u>	<u>2011</u>
Land	\$ 7,764,601	\$ 7,764,601
Construction-in-progress	177,475	177,475
Buildings and improvements	38,141,666	41,659,351
Machinery and equipment	<u>1,861,365</u>	<u>2,138,047</u>
Total	<u>\$ 47,945,107</u>	<u>\$ 51,739,474</u>

More detailed information about the District's capital assets is presented in note 3,B 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,	
	<u>2012</u>	<u>2011</u>
Bonds payable	\$ 14,796,526	\$ 9,023,830
Energy performance contract	5,740,070	6,684,531
Compensated absences	744,005	693,696
Claims	212,815	794,497
Other postemployment benefits	<u>97,647,072</u>	<u>79,365,918</u>
	<u>\$ 119,140,488</u>	<u>\$ 96,562,472</u>

Under the requirements of GASB Statement No. 45, a full re-evaluation of post-employment benefits was performed during fiscal 2011-12 by an actuary. The School District's obligations payable for post employment benefits increased by \$18 million to \$97 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. As presented in the 2011-12 re-evaluation, the School District's actuarial accrued liability is \$311,878,037 and this amount is not funded.

More detailed information about the District's long-term liabilities is presented in Note 3,G 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: Michael Ivanoff
Assistant Superintendent for Business
105 S. Madison Avenue
Spring Valley, New York 10977

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EAST RAMAPO CENTRAL SCHOOL DISTRICT, NEW YORK

STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 20,033,306
Investments	349,308
Receivables:	
Accounts	798,926
State and Federal aid	11,703,532
Due from other governments	1,192,051
Inventories	14,918
Deferred charges	74,025
Capital assets:	
Not being depreciated	7,942,076
Being depreciated, net	<u>40,003,031</u>
 Total Assets	 <u>82,111,173</u>
LIABILITIES	
Accounts payable	5,150,960
Accrued liabilities	1,374,319
Due to other governments	15,844
Due to retirement systems	11,272,328
Tax anticipation notes payable	15,000,000
Accrued interest payable	47,990
Non-current liabilities:	
Due within one year	3,248,791
Due in more than one year	<u>115,891,697</u>
 Total Liabilities	 <u>152,001,929</u>
NET ASSETS	
Invested in capital assets, net of related debt	27,482,536
Restricted for:	
Debt service	553,673
Tax certiorari	870,308
Insurance	101,113
School lunch	297,639
Special purposes	312,015
Unrestricted	<u>(99,508,040)</u>
 Total Net Assets	 <u>\$ (69,890,756)</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, 2012

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General support	\$ 22,816,319	\$ 1,239,803	\$ 36,265	\$ -	\$ (21,540,251)
Instruction	198,319,177	1,398,574	34,548,073	381,655	(161,990,875)
Pupil transportation	28,439,330	1,885	-	-	(28,437,445)
Community services	180,066	-	-	-	(180,066)
Cost of food sales	4,911,485	573,414	3,426,826	-	(911,245)
Other	25,125	-	18,457	-	(6,668)
Interest	718,718	-	-	2,492	(716,226)
Total Governmental Activities	\$ 255,410,220	\$ 3,213,676	\$ 38,029,621	\$ 384,147	(213,782,776)
General Revenues:					
Real property taxes					117,405,135
Other tax items:					
School tax relief reimbursement					16,530,816
Payments in lieu of taxes					353,293
Unrestricted use of money and property					170,740
Sale of property and compensation of loss					137,616
Unrestricted State aid					43,324,248
Miscellaneous					2,153,328
Total General Revenues					180,075,176
Change in Net Assets					(33,707,600)
Net Assets - Beginning					(36,183,156)
Net Assets - Ending					\$ (69,890,756)

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, 2012

	General	Special Aid	Capital Projects
ASSETS			
Cash and Equivalents	\$ 17,655,864	\$ 770,392	\$ 327,326
Investments	42,742	144	5
Receivables:			
Accounts	792,554	6,372	-
State and Federal aid	3,483,715	7,960,014	11,248
Due from other governments	1,192,051	-	-
Due from other funds	9,196,587	-	485,097
Advances to other funds	669,617	-	-
Inventories	-	-	-
Total Assets	<u>\$ 33,033,130</u>	<u>\$ 8,736,922</u>	<u>\$ 823,676</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable	\$ 4,181,474	\$ 826,951	\$ -
Accrued liabilities	1,309,233	63,298	-
Due to other funds	485,215	7,846,673	807,832
Advances from other funds	-	-	669,617
Due to other governments	-	-	15,844
Due to retirement systems	11,272,328	-	-
Tax anticipation notes payable	15,000,000	-	-
Total Liabilities	<u>32,248,250</u>	<u>8,736,922</u>	<u>1,493,293</u>
Fund Balances (Deficits):			
Nonspendable	669,617	-	-
Restricted	971,421	-	-
Assigned	-	-	-
Unassigned	(856,158)	-	(669,617)
Total Fund Balances (Deficits)	<u>784,880</u>	<u>-</u>	<u>(669,617)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 33,033,130</u>	<u>\$ 8,736,922</u>	<u>\$ 823,676</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 1,279,724	\$ 20,033,306
306,417	349,308
-	798,926
248,555	11,703,532
-	1,192,051
-	9,681,684
-	669,617
14,918	14,918
<u>\$ 1,849,614</u>	<u>\$ 44,443,342</u>

\$ 142,535	\$ 5,150,960
1,788	1,374,319
541,964	9,681,684
-	669,617
-	15,844
-	11,272,328
-	15,000,000
<u>686,287</u>	<u>43,164,752</u>

14,918	684,535
865,688	1,837,109
282,721	282,721
-	(1,525,775)
<u>1,163,327</u>	<u>1,278,590</u>
<u>\$ 1,849,614</u>	<u>\$ 44,443,342</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 ASSETS
JUNE 30, 2012

Fund Balances - Total Governmental Funds	<u>\$ 1,278,590</u>
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>47,945,107</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>74,025</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(47,990)
Bonds payable	(14,796,526)
Energy performance contract payable	(5,740,070)
Compensated absences	(744,005)
Claims payable	(212,815)
Other post employment benefit obligations payable	<u>(97,647,072)</u>
	<u>(119,188,478)</u>
Net Assets of Governmental Activities	<u>\$ (69,890,756)</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, 2012

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 117,405,135	\$ -	\$ -
Other tax items	16,884,109	-	-
Charges for services	1,400,459	-	-
Use of money and property	1,421,347	-	-
Sale of property and compensation for loss	137,616	-	-
State aid	46,959,504	7,042,600	381,655
Federal aid	647,176	23,224,252	-
Food sales	-	-	-
Miscellaneous	2,153,328	24,250	-
Total Revenues	187,008,674	30,291,102	381,655
EXPENDITURES			
Current:			
General support	17,780,880	-	-
Instruction	110,468,392	30,816,088	-
Pupil transportation	25,732,539	-	-
Community services	110,266	-	-
Employee benefits	42,988,448	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service:			
Principal	2,269,461	-	-
Interest	847,643	-	-
Total Expenditures	200,197,629	30,816,088	-
Excess (Deficiency) of Revenues Over Expenditures	(13,188,955)	(524,986)	381,655
OTHER FINANCING SOURCES (USES)			
Bonds issued	-	-	7,180,000
Transfers in	300,000	524,986	26,327
Transfers out	(551,313)	-	-
Total Other Financing Sources (Uses)	(251,313)	524,986	7,206,327
Net Change in Fund Balances	(13,440,268)	-	7,587,982
Fund Balances (Deficits) - Beginning of Year	14,225,148	-	(8,257,599)
Fund Balances (Deficits) - End of Year	\$ 784,880	\$ -	\$ (669,617)

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 117,405,135
-	16,884,109
-	1,400,459
7,904	1,429,251
-	137,616
120,707	54,504,466
3,300,740	27,172,168
573,414	573,414
18,424	2,196,002
<u>4,021,189</u>	<u>221,702,620</u>
-	17,780,880
-	141,284,480
-	25,732,539
-	110,266
-	42,988,448
5,057,228	5,057,228
25,125	25,125
-	2,269,461
-	847,643
<u>5,082,353</u>	<u>236,096,070</u>
<u>(1,061,164)</u>	<u>(14,393,450)</u>
-	7,180,000
-	851,313
<u>(300,000)</u>	<u>(851,313)</u>
<u>(300,000)</u>	<u>7,180,000</u>
(1,361,164)	(7,213,450)
<u>2,524,491</u>	<u>8,492,040</u>
<u>\$ 1,163,327</u>	<u>\$ 1,278,590</u>

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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, 2012

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

Net Change in Fund Balances - Total Governmental Funds \$ (7,213,450)

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	253,531
Depreciation expense	<u>(4,047,898)</u>
	<u>(3,794,367)</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 assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Bonds issued	(7,180,000)
Principal paid on serial bonds	1,325,000
Principal paid on energy performance contracts	944,461
Amortization of issuance costs, loss on refunding and premium	<u>67,499</u>
	<u>(4,843,040)</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	46,621
Compensated absences	(50,309)
Claims	428,099
Other post employment benefit obligations	<u>(18,281,154)</u>
	<u>(17,856,743)</u>

Change in Net Assets of Governmental Activities \$ (33,707,600)

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, 2012

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 117,706,241	\$ 117,706,245	\$ 117,405,135	\$ (301,110)
Other tax items	17,140,000	17,140,000	16,884,109	(255,891)
Charges for services	1,473,000	1,473,000	1,400,459	(72,541)
Use of money and property	320,000	320,000	1,421,347	1,101,347
Sale of property and compensation for loss	-	-	137,616	137,616
State aid	46,471,030	46,471,030	46,959,504	488,474
Federal aid	4,200,000	4,200,000	647,176	(3,552,824)
Miscellaneous	2,416,716	2,421,541	2,153,328	(268,213)
Total Revenues	189,726,987	189,731,816	187,008,674	(2,723,142)
EXPENDITURES				
Current:				
General support	18,710,464	18,225,889	17,780,880	445,009
Instruction	109,781,488	111,030,453	110,468,392	562,061
Pupil transportation	26,516,488	25,762,409	25,732,539	29,870
Community services	142,891	111,381	110,266	1,115
Employee benefits	39,533,111	42,990,665	42,988,448	2,217
Debt service:				
Principal	2,894,392	2,269,461	2,269,461	-
Interest	1,175,522	847,643	847,643	-
Total Expenditures	198,754,356	201,237,901	200,197,629	1,040,272
Deficiency of Revenues Over Expenditures	(9,027,369)	(11,506,085)	(13,188,955)	(1,682,870)
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	300,000	-
Transfers out	(940,266)	(551,313)	(551,313)	-
Total Other Financing Sources (Uses)	(640,266)	(251,313)	(251,313)	-
Net Change in Fund Balances	(9,667,635)	(11,757,398)	(13,440,268)	(1,682,870)
Fund Balances - Beginning of Year	9,667,635	11,757,398	14,225,148	2,467,750
Fund Balances - End of Year	\$ -	\$ -	\$ 784,880	\$ 784,880

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
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	-
<u>32,017,215</u>	<u>36,913,925</u>	<u>30,291,102</u>	<u>(6,622,823)</u>
-	-	-	-
32,917,481	37,343,925	30,816,088	6,527,837
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>32,917,481</u>	<u>37,343,925</u>	<u>30,816,088</u>	<u>6,527,837</u>
<u>(900,266)</u>	<u>(430,000)</u>	<u>(524,986)</u>	<u>(94,986)</u>
900,266	430,000	524,986	94,986
-	-	-	-
<u>900,266</u>	<u>430,000</u>	<u>524,986</u>	<u>94,986</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, 2012

	<u>Agency</u>
ASSETS	
Cash and Equivalents	\$ 1,311,515
Investments	<u>69,218</u>
Total Assets	<u>\$ 1,380,733</u>
LIABILITIES	
Accounts Payable	\$ 571,407
Employee Payroll Deductions	454,869
Escrow Deposits	202,623
Student Activity Funds	<u>151,834</u>
Total Liabilities	<u>\$ 1,380,733</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 Assets and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

C. Fund Financial Statements

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

Fund Categories

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

General Fund - The General Fund constitutes the primary 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 major special revenue fund of the School District is the Special Aid Fund. The

Note 1 - Summary of Significant Accounting Policies (Continued)

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 that are payable to other jurisdictions.

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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, claims and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities and Net Assets or Fund Balances

Deposits, Investments and Risk Disclosure

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

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the School District's policy provides for no credit risk on investments.

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

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2012.

Investments - The School District participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to

Note 1 - Summary of Significant Accounting Policies (Continued)

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. The County of Rockland 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, 2012, 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 sheet.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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.

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 10, 2012.

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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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 voters reject the budget, the Board of Education may resubmit the budget to the voters only once in revised form or as originally issued. The Board may also elect to adopt a contingent budget without voter approval. The contingent budget includes all expenditures needed to provide the minimum services legally required. Total spending under a contingency budget cannot increase by more than 4% or 120% of the Consumer Price Index, whichever is lower. In addition, the administrative budget segment, exclusive of the capital component, may not comprise a greater percentage of the budget than the lesser of either (1) the comparable percentage of the prior year's budget or (2) the comparable percentage of the last defeated budget. (See Note 5).
- 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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Expenditures in Excess of Budget

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

D. Capital Projects Fund Deficits

The unassigned deficit of \$669,617 in the Capital Projects Fund arises because of expenditures exceeding current financing on the projects. The deficit will be eliminated with the subsequent receipt of authorized financing.

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The composition of interfund balances at June 30, 2012 is as follows:

Fund _____	Due From	Due To
General	\$ 9,196,587	\$ 485,215
Special Aid	-	7,846,673
Capital Projects	485,097	807,832
Non-Major Governmental	-	541,964
	<u>\$ 9,681,684</u>	<u>\$ 9,681,684</u>

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

B. Capital Assets

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

Class _____	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital Assets, not being depreciated:				
Land	\$ 7,764,601	\$ -	\$ -	\$ 7,764,601
Construction-in-progress	177,475	-	-	177,475
	<u>7,942,076</u>	<u>-</u>	<u>-</u>	<u>7,942,076</u>
Total Capital Assets, not being depreciated	<u>\$ 7,942,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,942,076</u>

EAST RAMAPO CENTRAL SCHOOL DISTRICT, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 91,152,273	\$ 27,800	\$ 124,200	\$ 91,055,873
Machinery and Equipment	<u>8,921,435</u>	<u>225,731</u>	<u>330,207</u>	<u>8,816,959</u>
Total Capital Assets, being depreciated	<u>100,073,708</u>	<u>253,531</u>	<u>454,407</u>	<u>99,872,832</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	49,492,922	3,545,485	124,200	52,914,207
Machinery and Equipment	<u>6,783,388</u>	<u>502,413</u>	<u>330,207</u>	<u>6,955,594</u>
Total Accumulated Depreciation	<u>56,276,310</u>	<u>4,047,898</u>	<u>454,407</u>	<u>59,869,801</u>
Total Capital Assets, being depreciated, net	<u>\$ 43,797,398</u>	<u>\$ (3,794,367)</u>	<u>\$ -</u>	<u>\$ 40,003,031</u>
Capital Assets, net	<u>\$ 51,739,474</u>	<u>\$ (3,794,367)</u>	<u>\$ -</u>	<u>\$ 47,945,107</u>

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

General Support	\$ 226,503
Instruction	3,467,323
Pupil Transportation	292,434
Cost of Food Sales	<u>61,638</u>
Total Depreciation Expense	<u>\$ 4,047,898</u>

C. Accrued Liabilities

Accrued liabilities at June 30, 2012 were as follows:

	Fund			Total
	General	Special Aid	Non-Major Governmental	
Payroll and employee benefits	\$ 919,930	\$ 63,298	\$ 1,788	\$ 985,016
Other	<u>389,303</u>	<u>-</u>	<u>-</u>	<u>389,303</u>
	<u>\$ 1,309,233</u>	<u>\$ 63,298</u>	<u>\$ 1,788</u>	<u>\$ 1,374,319</u>

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.

Purpose	Date of Original Issue	Maturity Date	Interest Rate	Balance July 1, 2011	New Issues	Redemptions	Balance June 30, 2012
Tax Anticipation Notes	6/21/11	06/15/12	- %	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -
Tax Anticipation Notes	6/26/12	10/26/12	1.25	-	15,000,000	-	15,000,000
				<u>\$ 5,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 15,000,000</u>

The tax anticipation note was issued on June 21, 2011 in the amount of \$5,000,000 and matured on June 15, 2012 with interest at 1.25%. The tax anticipation note issued on June 26, 2012 in the amount of \$15,000,000 matures on October 26, 2012 with interest at 1.25%. Interest expenditures/expense of \$61,458 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

E. Short-Term Capital Borrowings

The schedule below details the changes in short-term capital borrowings. These borrowings consisted of notes issued to finance improvements to School District facilities.

Purpose	Year of Original Issue	Rate of Interest	Balance July 1, 2011	New Issues	Redemptions	Balance June 30, 2012
Bond Anticipation Note - Various District Improvements	2011	- %	\$ 12,045,000	\$ -	\$ 12,045,000	\$ -

Interest expenditures of \$149,726 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for period's equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

F. 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

Note 3 - Detailed Notes on All Funds (Continued)

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

ERS		TRS	
Tier/Plan	Rate	Tiers	Rate
1 75I	21.5%	1-4	11.11%
2 75I	19.8		
3 A14	15.9		
4 A15	15.9		
5 A15	12.8		

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

	ERS	TRS
2012	\$ 3,087,299	\$ 9,531,329
2011	2,252,503	6,010,500
2010	1,893,847	5,166,986

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

The current year ERS contributions were charged to the General Fund, Special Aid Fund and School Lunch in the amounts of \$2,839,178, \$138,167 and \$109,954, respectively. The current year TRS contributions were charged to the General Fund and Special Aid Fund in the amounts of \$8,842,067 and \$689,262, respectively.

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)**G. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2012:

	Balance July 1, 2011	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2012	Due Within One-Year
Bonds Payable - Capital construction	\$ 8,530,000	\$ 7,180,000	\$ 1,325,000	\$ 14,385,000	\$ 1,960,000
Plus - Unamortized premium on bonds	729,087	-	121,514	607,573	-
Less - Deferred amounts on refunding	(235,257)	-	(39,210)	(196,047)	-
	9,023,830	7,180,000	1,407,304	14,796,526	1,960,000
Energy Performance Contract Payable	6,684,531	-	944,461	5,740,070	1,001,576
Other Non-current Liabilities:					
Compensated Absences	693,696	119,679	69,370	744,005	74,400
Claims Payable	794,497	86,001	667,683	212,815	212,815
Other Post Employment Benefit Obligations Payable	79,365,918	26,570,188	8,289,034	97,647,072	-
Total Other Non-current Liabilities	80,854,111	26,775,868	9,026,087	98,603,892	287,215
Total Long-Term Liabilities	<u>\$ 96,562,472</u>	<u>\$ 33,955,868</u>	<u>\$ 11,377,852</u>	<u>\$ 119,140,488</u>	<u>\$ 3,248,791</u>

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

Bonds Payable

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

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2012
Telephone System	2003	\$ 1,100,000	January, 2013	3.500 %	\$ 125,000
Refunding Bonds	2011	8,280,000	May, 2017	3.00 - 5.000	7,080,000
Various District Improvements	2012	7,180,000	June, 2025	2.75 - 3.000	7,180,000
					<u>\$ 14,385,000</u>

Interest expenditures of \$393,913 were recorded in the fund financial statements in the General Fund. Interest expense of \$264,988 was recorded in the district-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)**Energy Performance Contracts Payable**

The School District, in May 2006, entered into a contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over ten years, including interest at 3.85%. The balance due at June 30, 2012 was \$4,615,914. Interest expenditures/expense of \$192,052 was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

The School District, in May 2006, entered into a contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over ten years, including interest at 4.16%. The balance due at June 30, 2012 was \$1,124,156. Interest expenditures/expense of \$50,494 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, 2012, including interest payments of \$2,982,913 are as follows:

Year Ended June 30,	Bonds		Energy Performance Contract		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 1,960,000	\$ 506,900	\$ 1,001,576	\$ 205,070	\$ 2,961,576	\$ 711,970
2014	1,895,000	448,813	1,041,320	166,105	2,936,320	614,918
2015	1,965,000	379,888	1,082,643	125,592	3,047,643	505,480
2016	2,075,000	308,350	1,125,607	83,471	3,200,607	391,821
2017	2,130,000	217,538	1,170,277	39,675	3,300,277	257,213
2018-2022	3,235,000	449,288	318,647	2,873	3,553,647	452,161
2023-2025	1,125,000	49,350	-	-	1,125,000	49,350
	<u>\$ 14,385,000</u>	<u>\$ 2,360,127</u>	<u>\$ 5,740,070</u>	<u>\$ 622,786</u>	<u>\$ 20,125,070</u>	<u>\$ 2,982,913</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.

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.

Claims Payable

Claims payable reflects a liability of \$212,815 for court ordered tax certiorari refunds, which were not due and payable at year-end. These amounts have been recorded as an expense in the district-wide financial statements.

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

The amortization basis is the level dollar method with an open amortization approach with 26 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 10.00%, and then reduced by decrements to an ultimate rate of 5.00% after 8 years. The School District 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, 2012 was as follows:

Active Employees	1,256
Retired Employees	<u>1,201</u>
Total	<u><u>2,457</u></u>

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2011	\$ 311,878,037
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 311,878,037</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 109,122,040</u>
UAAL as a Percentage of Covered Payroll	<u>285.81%</u>
Annual Required Contribution	\$ 27,896,160
Interest on Net OPEB Obligation	3,174,637
Adjustment to Annual Required Contribution	<u>(4,500,609)</u>
Annual OPEB Cost	26,570,188
Contributions Made	<u>(8,289,034)</u>
Increase in Net OPEB Obligation	18,281,154
Net OPEB Obligation - Beginning of Year	<u>79,365,918</u>
Net OPEB Obligation - End of Year	<u>\$ 97,647,072</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:

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 26,570,188	31.20 %	\$ 97,647,072
2011	30,401,320	27.11	79,365,918
2010	25,979,584	26.01	57,205,688

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.

H. 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.

Note 3 - Detailed Notes on All Funds (Continued)

Transfers Out	Transfers In			Total
	General Fund	Special Aid Fund	Capital Projects Fund	
General Fund	\$ -	\$ 524,986	\$ 26,327	\$ 551,313
Non-Major Governmental Funds	300,000	-	-	300,000
	<u>\$ 300,000</u>	<u>\$ 524,986</u>	<u>\$ 26,327</u>	<u>\$ 851,313</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.

I. Net Assets

The components of net assets are detailed below:

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

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

Restricted for Tax Certiorari - the component of net assets that has been established in accordance with 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 assets 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 School Lunch - the component of net assets that reports the difference between assets and liabilities of the School Lunch Fund.

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012**Note 3 - Detailed Notes on All Funds (Continued)****J. Fund Balances**

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Advances	\$ 669,617	\$ -	\$ -	\$ 669,617
Inventories	-	-	14,918	14,918
Total Nonspendable	<u>669,617</u>	<u>-</u>	<u>14,918</u>	<u>684,535</u>
Restricted:				
Tax certiorari	870,308	-	-	870,308
Insurance	101,113	-	-	101,113
Debt service	-	-	553,673	553,673
Special purposes	-	-	312,015	312,015
Total Restricted	<u>971,421</u>	<u>-</u>	<u>865,688</u>	<u>1,837,109</u>
Assigned -				
School Lunch Fund	-	-	282,721	282,721
Unassigned :				
Purchases on order:				
General support	369,780	-	-	369,780
Instruction	549,436	-	-	549,436
Transportation	6,196	-	-	6,196
	925,412	-	-	925,412
Other	<u>(1,781,570)</u>	<u>(669,617)</u>	<u>-</u>	<u>(2,451,187)</u>
Total Unassigned	<u>(856,158)</u>	<u>(669,617)</u>	<u>-</u>	<u>(1,525,775)</u>
Total Fund Balances	<u>\$ 784,880</u>	<u>\$ (669,617)</u>	<u>\$ 1,163,327</u>	<u>\$ 1,278,590</u>

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

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

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.

Note 3 - Detailed Notes on All Funds (Continued)

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 in the General Fund 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.

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 not valued the costs of these various claims.

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 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.

A community member is seeking to annul the sale of the Colton Elementary School that had a contract price of \$6 million on the grounds that this amount exceeded the fair market value of the property. A decision by the Commissioner of Education has not been rendered at this time.

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.

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, 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.

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.

Note 5 - Other Matters

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

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, 2009	\$ -	\$ 259,264,352	\$ 259,264,352	- %	\$ 99,345,911	260.97 %
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

EAST RAMAPO CENTRAL SCHOOL DISTRICT, NEW YORK

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 117,706,241	\$ 117,706,245	\$ 117,405,135	\$ (301,110)
OTHER TAX ITEMS				
School tax relief reimbursement	16,900,000	16,900,000	16,530,816	(369,184)
Payments in lieu of taxes	240,000	240,000	353,293	113,293
	17,140,000	17,140,000	16,884,109	(255,891)
CHARGES FOR SERVICES				
Day school tuition - Other districts	1,150,000	1,150,000	919,831	(230,169)
Health services - Other districts	322,000	322,000	477,970	155,970
Transportation services - Other districts	-	-	1,885	1,885
Other charges for services	1,000	1,000	773	(227)
	1,473,000	1,473,000	1,400,459	(72,541)
USE OF MONEY AND PROPERTY				
Earnings on investments	220,000	220,000	181,544	(38,456)
Rental of real property - Individuals	100,000	100,000	1,210,580	1,110,580
Rental of real property - BOCES and other governments	-	-	29,223	29,223
	320,000	320,000	1,421,347	1,101,347
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Minor sales	-	-	3,310	3,310
Sale of equipment	-	-	7,183	7,183
Insurance recoveries	-	-	83,492	83,492
Other compensation for loss	-	-	43,631	43,631
	-	-	137,616	137,616

STATE AID					
Basic formula	40,813,842	40,813,842	41,480,972	667,130	
BOCES	1,967,147	1,967,147	1,829,044	(138,103)	
Tuition aid for students with disabilities	2,000,000	2,000,000	1,621,373	(378,627)	
Textbooks	1,528,247	1,528,247	1,420,533	(107,714)	
Computer software	-	-	448,144	448,144	
Library materials	161,794	161,794	141,569	(20,225)	
Tax limitation aid	-	-	14,232	14,232	
State Emergency Management Assistance	-	-	3,637	3,637	
	<u>46,471,030</u>	<u>46,471,030</u>	<u>46,959,504</u>	<u>488,474</u>	
FEDERAL AID					
Federal Emergency Management Assistance	-	-	21,824	21,824	
Medical assistance	4,200,000	4,200,000	625,352	(3,574,648)	
	<u>4,200,000</u>	<u>4,200,000</u>	<u>647,176</u>	<u>(3,552,824)</u>	
MISCELLANEOUS					
Other	281,069	285,894	73,505	(212,389)	
Refund for BOCES' aided services	2,135,647	2,135,647	1,009,388	(1,126,259)	
Medicare Part D reimbursement	-	-	725,873	725,873	
Metropolitan commuter transportation mobility tax reimbursement	-	-	324,922	324,922	
Refund of prior year's expenditures	-	-	19,640	19,640	
	<u>2,416,716</u>	<u>2,421,541</u>	<u>2,153,328</u>	<u>(268,213)</u>	
TOTAL REVENUES	189,726,987	189,731,816	187,008,674	(2,723,142)	
OTHER FINANCING SOURCES					
Transfers in - Debt Service Fund	300,000	300,000	300,000	-	
	<u>\$ 190,026,987</u>	<u>\$ 190,031,816</u>	<u>\$ 187,308,674</u>	<u>\$ (2,723,142)</u>	

EAST RAMAPO CENTRAL SCHOOL DISTRICT, NEW YORK

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

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 7,475	\$ 2,370	\$ 2,230	\$ -	\$ 140
District clerk	125,085	126,517	123,856	100	2,561
District meeting	71,470	114,880	109,365	5,515	-
Total Board of Education	204,030	243,767	235,451	5,615	2,701
CENTRAL ADMINISTRATION					
Chief school administrator	442,439	530,258	529,659	-	599
FINANCE					
Business administration	207,809	293,988	221,987	70,932	1,069
Accounting	698,617	684,200	681,950	988	1,262
Auditing	66,000	78,000	57,170	2,720	18,110
Treasurer	43,738	59,385	47,885	11,500	-
Purchasing	240,565	229,638	228,585	220	833
Total Finance	1,256,729	1,345,211	1,237,577	86,360	21,274
STAFF					
Legal	455,000	786,993	738,780	48,212	1
Personnel	780,241	605,479	603,823	75	1,581
Records management officer	10,200	4,930	3,149	-	1,781
Public information and services	122,670	19,231	15,761	3,200	270
Total Staff	1,368,111	1,416,633	1,361,513	51,487	3,633

CENTRAL SERVICES

Operation of plant	7,839,852	6,315,361	6,204,654	66,139	44,568
Maintenance of plant	3,400,261	2,683,287	2,602,543	80,744	-
Central storeroom	33,116	34,980	33,744	-	1,236
Central printing and mailing	719,586	621,373	591,798	28,825	750
Central office supplies	51,949	2,115	901	1,178	36
Central data processing	899,337	1,395,596	1,381,569	13,599	428
Total Central Services	12,944,101	11,052,712	10,815,209	190,485	47,018

SPECIAL ITEMS

Unallocated insurance	343,000	339,597	339,597	-	-
School association dues	93,102	19,416	19,416	-	-
Judgments and claims	100,000	344,768	308,935	35,833	-
Assessments on school property	292,000	183,348	183,348	-	-
Refunds of real property taxes	300,000	1,335,276	1,335,273	-	3
Metropolitan commuter transportation mobility tax	371,127	236,252	236,252	-	-
Administrative charge - BOCES	995,825	1,178,651	1,178,650	-	1
Total Special Items	2,495,054	3,637,308	3,601,471	35,833	4
Total General Support	18,710,464	18,225,889	17,780,880	369,780	75,229

INSTRUCTION

INSTRUCTION, ADMINISTRATION AND IMPROVEMENT

Curriculum development	612,558	437,457	437,457	-	-
Supervision - Regular school	5,327,954	5,557,234	5,535,679	21,333	222
Supervision - District-wide	1,314,629	777,771	776,958	102	711
Research, planning and evaluation	593,992	336,563	333,448	750	2,365
In-service training and instruction	245,434	129,858	129,358	-	500
Total Instruction, Administration and Improvement	8,094,567	7,238,883	7,212,900	22,185	3,798
TEACHING - REGULAR SCHOOL	50,011,635	50,115,478	49,892,832	221,692	954
PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS	30,529,243	34,698,009	34,492,969	204,885	155
Programs for students with disabilities	3,422,583	3,125,315	3,125,315	-	-
TEACHING - SPECIAL SCHOOLS					

(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, 2012

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
INSTRUCTIONAL MEDIA					
School library and audiovisual	\$ 1,706,130	\$ 1,498,449	\$ 1,497,511	\$ 642	\$ 296
Computer assisted instruction	1,322,561	1,147,081	1,146,473	108	500
Total Instructional Media	3,028,691	2,645,530	2,643,984	750	796
PUPIL SERVICES					
Attendance - Regular school	116,662	116,662	115,610	-	1,052
Guidance - Regular school	2,268,253	2,322,916	2,322,607	-	309
Health services - Regular school	3,163,853	2,889,563	2,842,551	46,217	795
Psychological services - Regular school	3,069,803	2,631,077	2,630,682	-	395
Social work services - Regular school	1,146,543	992,735	991,656	-	1,079
Speech therapy - Regular school	3,233,422	2,751,809	2,750,544	1,108	157
Co-curricular activities - Regular school	628,320	559,972	548,473	10,531	968
Interscholastic athletics - Regular school	1,067,913	942,504	898,269	42,068	2,167
Total Pupil Services	14,694,769	13,207,238	13,100,392	99,924	6,922
Total Instruction	109,781,488	111,030,453	110,468,392	549,436	12,625
PUPIL TRANSPORTATION					
District transportation services	5,995,908	4,998,947	4,970,812	6,196	21,939
Transportation - BOCES	134,640	250,640	249,503	-	1,137
Contract transportation	20,385,940	20,512,822	20,512,224	-	598
Total Pupil Transportation	26,516,488	25,762,409	25,732,539	6,196	23,674

COMMUNITY SERVICES

Census	142,891	111,381	110,266	-	1,115
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EMPLOYEE BENEFITS

State retirement	1,375,564	2,839,178	2,839,178	-	-
Teachers' retirement	7,468,921	8,842,067	8,842,067	-	-
Social security	6,809,441	7,129,160	7,129,160	-	-
Hospital, medical and dental insurance	21,954,185	22,579,895	22,579,895	-	-
Unemployment benefits	816,000	491,365	491,365	-	-
Workers' compensation benefits	1,109,000	1,109,000	1,106,783	-	2,217
Total Employee Benefits	39,533,111	42,990,665	42,988,448	-	2,217

DEBT SERVICE

Principal:					
Serial bonds	1,942,500	1,325,000	1,325,000	-	-
Energy performance contracts	951,892	944,461	944,461	-	-
	2,894,392	2,269,461	2,269,461	-	-
Interest:					
Serial bonds	744,450	393,913	393,913	-	-
Energy performance contracts	256,072	242,546	242,546	-	-
Bond anticipation notes	-	149,726	149,726	-	-
Tax anticipation notes	175,000	61,458	61,458	-	-
	1,175,522	847,643	847,643	-	-
Total Debt Service	4,069,914	3,117,104	3,117,104	-	-
TOTAL EXPENDITURES	198,754,356	201,237,901	200,197,629	925,412	114,860

OTHER FINANCING USES

Transfers out:					
Capital Projects Fund	-	26,327	26,327	-	-
Special Aid Fund	900,266	524,986	524,986	-	-
School Lunch Fund	40,000	-	-	-	-
	940,266	551,313	551,313	-	-
Total Other Financing Uses					
		551,313	551,313	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 199,694,622	\$ 201,789,214	\$ 200,748,942	\$ 925,412	\$ 114,860

EAST RAMAPO CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND
 PROJECT-LENGTH SCHEDULE
 INCEPTION OF PROJECT THROUGH JUNE 30, 2012

PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
Warehouse	\$ 63,000	\$ 83,445	\$ -	\$ 83,445
Various District Improvements	14,325,000	14,323,656	-	14,323,656
Totals	<u>\$ 14,388,000</u>	<u>\$ 14,407,101</u>	<u>\$ -</u>	<u>\$ 14,407,101</u>

Unexpended Balance	Methods of Financing			Fund Deficit at June 30, 2012	
	Proceeds of Obligations	State and Federal Aid	Transfers		Total
\$ (20,445)	\$ 63,000	\$ -	\$ -	\$ 63,000	\$ (20,445)
<u>1,344</u>	<u>7,180,000</u>	<u>5,818,825</u>	<u>675,659</u>	<u>13,674,484</u>	<u>(649,172)</u>
<u>\$ (19,101)</u>	<u>\$ 7,243,000</u>	<u>\$ 5,818,825</u>	<u>\$ 675,659</u>	<u>\$ 13,737,484</u>	<u>\$ (669,617)</u>

EAST RAMAPO CENTRAL SCHOOL DISTRICT, NEW YORK

COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2012

	<u>School Lunch</u>	<u>Special Purpose</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>				
Cash - Demand deposits	\$ 420,103	\$ 6,807	\$ 852,814	\$ 1,279,724
Investments	468	305,208	741	306,417
State and Federal Aid Receivable	248,555	-	-	248,555
Inventories	14,918	-	-	14,918
Total Assets	<u>\$ 684,044</u>	<u>\$ 312,015</u>	<u>\$ 853,555</u>	<u>\$ 1,849,614</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 142,535	\$ -	\$ -	\$ 142,535
Accrued liabilities	1,788	-	-	1,788
Due to other funds	242,082	-	299,882	541,964
Total Liabilities	<u>386,405</u>	<u>-</u>	<u>299,882</u>	<u>686,287</u>
Fund Balances:				
Nonspendable	14,918	-	-	14,918
Restricted	-	312,015	553,673	865,688
Assigned	282,721	-	-	282,721
Total Fund Balances	<u>297,639</u>	<u>312,015</u>	<u>553,673</u>	<u>1,163,327</u>
Total Liabilities and Fund Balances	<u>\$ 684,044</u>	<u>\$ 312,015</u>	<u>\$ 853,555</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, 2012

	School Lunch	Special Purpose	Debt Service	Total Non-Major Governmental Funds
Revenues:				
Use of money and property	\$ 5,379	\$ 33	\$ 2,492	\$ 7,904
State aid	120,707	-	-	120,707
Federal aid	3,300,740	-	-	3,300,740
Food sales	573,414	-	-	573,414
Miscellaneous	-	18,424	-	18,424
Total Revenues	4,000,240	18,457	2,492	4,021,189
Expenditures -				
Current:				
Cost of food sales	5,057,228	-	-	5,057,228
Other	-	25,125	-	25,125
Total Expenditures	5,057,228	25,125	-	5,082,353
Excess (Deficiency) of Revenues Over Expenditures	(1,056,988)	(6,668)	2,492	(1,061,164)
Other Financing Uses - Transfers out	-	-	(300,000)	(300,000)
Net Change in Fund Balances	(1,056,988)	(6,668)	(297,508)	(1,361,164)
Fund Balances - Beginning of Year	1,354,627	318,683	851,181	2,524,491
Fund Balances - End of Year	\$ 297,639	\$ 312,015	\$ 553,673	\$ 1,163,327

EAST RAMAPO CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND
ANALYSIS OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
YEAR ENDED JUNE 30, 2012

Adopted Budget	\$ 198,883,037
Additions - Encumbrances	<u>811,585</u>
Original Budget	199,694,622
Budget Amendments	<u>2,094,592</u>
Final Budget	<u><u>\$ 201,789,214</u></u>

GENERAL FUND
ANALYSIS OF USE OF FUND BALANCE
AS OF THE BEGINNING OF THE YEAR ENDED JUNE 30, 2012

Assigned and Unassigned Fund Balance (less encumbrances) - Beginning of Year	\$ 10,403,183
Less - Appropriated Fund Balance Used for Levy of Taxes	<u>8,856,050</u>
Unassigned Fund Balance	<u><u>\$ 1,547,133</u></u>

EAST RAMAPO CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND
 SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES COMPARED
 TO ST-3 DATA
 YEAR ENDED JUNE 30, 2012

	<u>Account Code</u>	<u>Amount Per ST-3</u>	<u>Audited Amount</u>
REVENUES			
Real Property Taxes	A -1001	\$ 117,405,129 (1)	\$ 117,405,135
Non-Property Taxes	AT-1199	-	-
State Aid	AT-3999	46,959,504	46,959,504
Federal Aid	AT-4999	647,176	647,176
Total Revenues and Other Financing Sources	AT-5999	187,308,670 (1)	187,308,674
 EXPENDITURES			
General Support	AT-1999	17,780,881 (1)	17,780,880
Pupil Transportation	AT-5599	25,732,537 (1)	25,732,539
Debt Service - Principal	AT-9798.6	2,269,461	2,269,461
Debt Service - Interest	AT-9798.7	847,643	847,643
Total Expenditures and Other Financing Uses	AT-9999	\$ 200,748,937 (1)	\$ 200,748,942

(1) Rounding difference

EAST RAMAPO CENTRAL SCHOOL DISTRICT, NEW YORK

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

Capital Assets, net		\$ 47,945,107
Less:		
Bonds payable	(14,385,000)	
Unamortized portion of issuance premium on refunding bonds	(607,573)	
Energy performance contract payable	<u>(5,740,070)</u>	(20,732,643)
Less:		
Unamortized portion of issuance costs on refunding bonds	74,025	
Unamortized portion of loss on refunding bonds	<u>196,047</u>	<u>270,072</u>
Invested in Capital Assets, net of Related Debt		<u>\$ 27,482,536</u>