

PUTNAM VALLEY 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
Putnam Valley 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 Putnam Valley 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 September 6, 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

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

O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
September 6, 2012

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

Introduction

Our discussion and analysis of the Putnam Valley Central School District, New York's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2012. It should be read along with the basic financial statements, which immediately follows this section, to enhance the understanding of the School District's financial performance.

It is noteworthy to report that the Governmental Accounting Standards Board ("GASB") issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in February 2009. The requirements of GASB Statement No. 54 are effective for financial statements for periods ending June 30, 2011. GASB Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces 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 a 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 government'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. This pronouncement should result in an improvement in the usefulness of fund balance information.

Financial Highlights

Key financial highlights for fiscal year 2012 are as follows:

- New York State Law limits the amount of unreserved fund balance that can be retained by the General Fund to 4.00% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,788,289. This amount, at 3.95%, is below the statutory limit.
- As of the close of the current fiscal year, the School District's governmental fund financial statements report a combined ending fund balance of \$12,565,503, an increase of \$1,114,604 from the prior year. Exclusive of the Capital Projects Fund amount of \$393,109, the combined ending fund balances are \$12,172,394. Of this amount, the unassigned fund balance is \$1,788,289. This amount is available for spending at the discretion of the School District.
- On the district-wide financial statements, the total net assets of the School District exceeded liabilities at the close of its most recent fiscal year by \$19,225,331. The School District's total net assets increased by \$847,549 for the year ended June 30, 2012.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains 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 School District include instruction, pupil transportation, community services, cost of food sales, other, interest and general administrative support.
- The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

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

- The School District maintains six individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid, Debt Service and Capital Projects funds, since the School District has elected to report them as major funds.
- 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 the financial statements can be found following the basic financial statements section of this report.

District-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the School District's financial position. In the case of the Putnam Valley Central School District, New York, assets exceeded liabilities by \$19,225,331 at the close of the current fiscal year.

Net Assets

	June 30,	
	2012	2011
Current Assets	\$ 16,850,308	\$ 15,564,947
Capital Assets, net	<u>31,509,356</u>	<u>31,806,705</u>
Total Assets	<u>48,359,664</u>	<u>47,371,652</u>
Current Liabilities	4,200,364	4,026,271
Non-Current Liabilities	<u>24,933,969</u>	<u>24,967,599</u>
Total Liabilities	<u>29,134,333</u>	<u>28,993,870</u>
Net Assets:		
Invested in capital assets, net of related debt	11,536,994	10,074,937
Restricted for:		
School Lunch	278,419	221,827
Repairs	30,325	30,204
Special Purpose	72,680	84,844
Property loss and liability	25,526	25,424
Tax certiorari	397,077	269,166
Debt service	5,819,542	4,819,457
Retirement contributions	1,807,117	1,336,212
Capital projects	799,194	1,292,175
Unrestricted	<u>(1,541,543)</u>	<u>223,536</u>
Total Net Assets	<u>\$ 19,225,331</u>	<u>\$ 18,377,782</u>

A large component of the School District's net assets (60.0%) is its investment in capital assets, less any outstanding related debt used to acquire those assets. The School District uses these capital assets to provide services to students and therefore, 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.

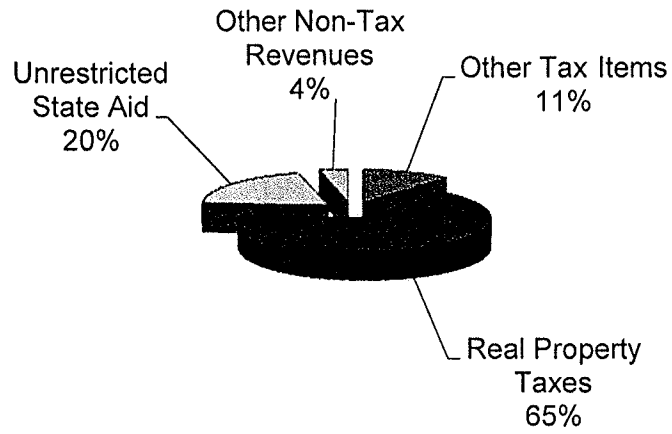
The remaining unrestricted assets and assets subject to external restrictions constitute \$7,688,337 or 40.0% of net assets.

Net assets increased by \$847,549 for the year ended June 30, 2012.

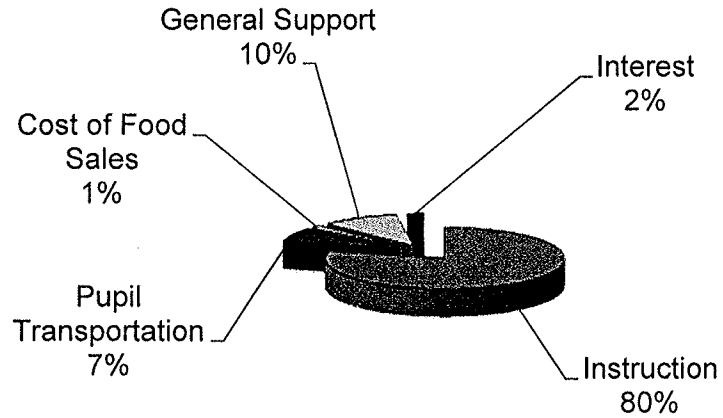
Changes in Net Assets

	Years Ended	
	June 30,	
	<u>2012</u>	<u>2011</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,372,562	\$ 1,228,071
Operating Grants and Contributions	1,243,105	1,599,110
Capital Grants and Contributions	<u>37,656</u>	<u>280</u>
Total Program Revenues	<u>2,653,323</u>	<u>2,827,461</u>
General Revenues:		
Real Property Taxes	29,248,601	28,651,799
Other Tax Items	5,101,828	4,959,109
Non-Property Taxes	48,913	43,226
Unrestricted Earnings on Investments	80,133	102,349
Sale of materials / Compensation for loss	4,195	500
Unrestricted State Aid	8,921,974	7,989,120
Unrestricted Federal Aid	-	383,977
Other	<u>487,316</u>	<u>277,733</u>
Total General Revenues	<u>43,892,960</u>	<u>42,407,813</u>
Total Revenues	<u>46,546,283</u>	<u>45,235,274</u>
Program Expenses:		
General Support	4,748,826	5,040,482
Instruction	35,970,803	34,909,941
Pupil Transportation	3,259,094	3,124,278
Community Services	48,955	52,146
Cost of Food Sales	593,967	557,099
Other	67,000	43,118
Interest	<u>1,010,089</u>	<u>1,080,116</u>
Total Program Expenses	<u>45,698,734</u>	<u>44,807,180</u>
Change in Net Assets	847,549	428,094
Net Assets - Beginning	<u>18,377,782</u>	<u>17,949,688</u>
Net Assets - Ending	<u>\$ 19,225,331</u>	<u>\$ 18,377,782</u>

Revenues by Sources for Fiscal Year 2012



Expenses for Fiscal Year 2012 Governmental Activities



The major changes are as follows:

Revenues:

- Day school tuition increased by \$142,434. These are tuitions for out of district students paid by their school districts of residence.
- State aid increased by \$934,171, of which \$373,940 was a one time payment of Conversion Aid to convert from half-day Kindergarten to full-day Kindergarten; \$207,331 additional Transportation Aid; \$181,137 increase in Excess Cost Aid; \$105,457 additional General Aid.
- Federal aid declined by \$383,977 because of the expiration of the Federal “Economic Stimulus” program.
- An additional \$134,800 was received for the School Tax Relief Reimbursement Program (STAR). The STAR Program provides tax relief to homeowners through State reimbursement to the District.
- The School District relies upon real property taxes (65%) as its primary revenue source.

Expenditures:

- Instruction expenses increased by \$1,060,862 and Pupil Transportation expenses increased by \$134,816. The primary reasons for these increases are retirement incentive payments, contractual salary increases pursuant to collective bargaining Agreements, Special Schools tuitions, and increases in benefit costs.
- General Support expenditures declined \$291,656 because of reductions in staff and a one time \$127,160 credit for administrative charges from Putnam/Northern Westchester BOCES.
- The School District's instruction costs account for approximately 79% of its program expenses.

Financial Analysis of the School District's Funds

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

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 government'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 \$12,565,503, an increase of \$1,114,604 from the prior year. Of this amount, the *unassigned* fund balance of \$1,788,289 is available for spending at the School District's discretion. The remainder of fund balances is either Nonspendable, Restricted, or Assigned to indicate they're unavailable for spending because they have already been committed to honor the specific purposes for which it can be spent. The nonspendable fund balance of \$306,026 consists of assets that are inherently unspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, and principal of endowments. The restricted fund balance of \$9,151,089 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. Included within the restricted fund balances are reserves for tax certiorari \$397,077, employee benefit accrued liability \$605,713, retirement contributions \$1,807,117, debt service \$5,819,542, and capital projects \$393,109. The assigned fund balance of \$1,320,099 consists of amounts that are subject to a purpose constraint that represents an intended use established by the Board of Education. Included within the assigned fund balances are encumbrances of \$167,193 and a designation for subsequent year's expenditures of \$875,000.

General Fund Budgetary Highlights

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 \$6,001,753, of which \$1,788,289, or 3.95% of the ensuing year's budget was unassigned. As previously mentioned, New York State Law limits the amount of unassigned fund balance that can be retained to 4.0% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

General Fund revenues for fiscal 2012 out-performed budgetary estimates by \$1,158,196. The positive variance resulted mostly from tuitions paid by other school districts.

Expenditures were below the final budget. After encumbrances of \$167,193, expenditure savings were \$451,220 or 0.997% of the final budget. The primary category that exhibited savings was employee benefits.

The original General Fund budget anticipated the use of \$1,304,061 of fund balance; \$379,061 from prior year encumbrances and \$925,000 from assigned fund balance.

Capital Assets

At June 30, 2012, the School District had \$31,509,356, net of accumulated depreciation invested in capital assets, including land, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

Class	June 30,	
	2012	2011
Land	\$ 2,891,200	\$ 2,891,200
Buildings, Improvements, Machinery and Equipment	27,167,350	27,957,680
Construction-in-progress	1,450,806	957,825
Total Capital Assets, net of accumulated depreciation	\$ 31,509,356	\$ 31,806,705

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

Long-Term Debt

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

	June 30,	
	2012	2011
Bonds Payable	\$ 19,723,576	\$ 21,180,388
Energy Performance Contract Payable	230,060	450,309
Compensated Absences	615,640	574,205
Other Post Employment Benefit Obligations Payable	4,364,693	2,762,697
Total	\$ 24,933,969	\$ 24,967,599

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

Requests for Information

This financial report is designed to provide a general overview of the finances of the Putnam Valley Central School District, New York 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:

Putnam Valley Central School District
Attn: Paul N. Lee
Assistant Superintendent for Business
146 Peekskill Hollow Road
Putnam Valley, NY 10579

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PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 15,091,358
Investments	6
Receivables:	
Accounts	161,634
State and Federal aid	928,796
Due from other governments	503,265
Inventories	513
Prepaid expenses	41,445
Deferred charges	123,291
Capital assets:	
Not being depreciated	4,342,006
Being depreciated	27,167,350
	<hr/>
Total Assets	48,359,664
	<hr/>
LIABILITIES	
Accounts payable	428,748
Accrued liabilities	1,065,388
Retainages payable	28,335
Unearned revenues	165,045
Bond anticipation notes payable	145,289
Due to retirement systems	2,328,709
Accrued interest payable	38,850
Non-current liabilities:	
Due within one year	1,882,060
Due in more than one year	23,051,909
	<hr/>
Total Liabilities	29,134,333
	<hr/>
NET ASSETS	
Invested in capital assets, net of related debt	11,536,994
Restricted for:	
School lunch	278,419
Repairs	30,325
Special purpose	72,680
Property loss and liability	25,526
Tax certiorari	397,077
Debt service	5,819,542
Retirement contribution	1,807,117
Capital projects	799,194
Unrestricted	(1,541,543)
	<hr/>
Total Net Assets	\$ 19,225,331
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The notes to the financial statements are an integral part of this statement.

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PUTNAM VALLEY 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	\$ 4,748,826	\$ 2,796	\$ 2,636	\$ -	\$ (4,743,394)
Instruction	35,970,803	923,374	996,725	37,571	(34,013,133)
Pupil transportation	3,259,094	-	-	-	(3,259,094)
Community services	48,955	-	-	-	(48,955)
Cost of food sales	593,967	446,392	188,908	-	41,333
Other	67,000	-	54,836	-	(12,164)
Interest	1,010,089	-	-	85	(1,010,004)
Total Governmental Activities	\$ 45,698,734	\$ 1,372,562	\$ 1,243,105	\$ 37,656	(43,045,411)
General Revenues:					
Real property taxes					29,248,601
Other tax items:					
School tax relief reimbursement					5,054,485
Interest and penalties on real property taxes					47,343
Non-property taxes -					
Non-property tax distribution from County					48,913
Unrestricted earnings on investments					80,133
Sale of property and compensation for loss					4,195
Unrestricted State aid					8,921,974
Miscellaneous					487,316
Total General Revenues					43,892,960
Change in Net Assets					847,549
Net Assets - Beginning					18,377,782
Net Assets - Ending					\$ 19,225,331

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

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Special Aid	Debt Service	Capital Projects
ASSETS				
Cash and equivalents	\$ 14,624,700	\$ 36,327	\$ -	\$ 146,498
Investments	6	-	-	-
Receivables:				
Accounts	161,634	-	-	-
State and Federal aid	198,843	687,872	-	37,571
Due from other governments	503,265	-	-	-
Due from other funds	472,824	-	5,819,542	1,081,642
Advances to other funds	264,068	-	-	-
Inventories	-	-	-	-
Prepaid expenditures	41,445	-	-	-
	<u>16,266,785</u>	<u>724,199</u>	<u>5,819,542</u>	<u>1,265,711</u>
Total Assets	<u>\$ 16,266,785</u>	<u>\$ 724,199</u>	<u>\$ 5,819,542</u>	<u>\$ 1,265,711</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 384,301	\$ 14,902	\$ -	\$ -
Accrued liabilities	1,065,388	-	-	-
Retainages payable	-	-	-	28,335
Deferred revenues	40,045	-	-	125,000
Due to other funds	6,446,589	709,297	-	309,910
Advances from other funds	-	-	-	264,068
Bond anticipation notes payable	-	-	-	145,289
Due to retirement systems	2,328,709	-	-	-
	<u>10,265,032</u>	<u>724,199</u>	<u>-</u>	<u>872,602</u>
Total Liabilities	<u>10,265,032</u>	<u>724,199</u>	<u>-</u>	<u>872,602</u>
Fund balances:				
Nonspendable	305,513	-	-	-
Restricted	2,865,758	-	5,819,542	393,109
Assigned	1,042,193	-	-	-
Unassigned	1,788,289	-	-	-
	<u>6,001,753</u>	<u>-</u>	<u>5,819,542</u>	<u>393,109</u>
Total Fund Balances	<u>6,001,753</u>	<u>-</u>	<u>5,819,542</u>	<u>393,109</u>
Total Liabilities and Fund Balances	<u>\$ 16,266,785</u>	<u>\$ 724,199</u>	<u>\$ 5,819,542</u>	<u>\$ 1,265,711</u>

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

Other Governmental	Total Governmental Funds
\$ 283,833	\$ 15,091,358
-	6
-	161,634
4,510	928,796
-	503,265
91,872	7,465,880
-	264,068
513	513
-	41,445
<u>\$ 380,728</u>	<u>\$ 24,456,965</u>
\$ 29,545	\$ 428,748
-	1,065,388
-	28,335
-	165,045
84	7,465,880
-	264,068
-	145,289
-	2,328,709
<u>29,629</u>	<u>11,891,462</u>
513	306,026
72,680	9,151,089
277,906	1,320,099
-	1,788,289
<u>351,099</u>	<u>12,565,503</u>
<u>\$ 380,728</u>	<u>\$ 24,456,965</u>

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PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT - WIDE STATEMENT OF NET ASSETS
JUNE 30, 2012

Fund Balances - Total Governmental Funds	<u>\$ 12,565,503</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>31,509,356</u>
Governmental funds report the effects of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.	
Deferred charges	<u>123,291</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(38,850)
Bonds payable	(19,723,576)
Energy performance contract payable	(230,060)
Compensated absences	(615,640)
Other post employment benefit obligations payable	<u>(4,364,693)</u>
	<u>(24,972,819)</u>
Net Assets of Governmental Activities	<u>\$ 19,225,331</u>

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

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2012

	General	Special Aid	Debt Service	Capital Projects
Revenues				
Real property taxes	\$ 29,248,601	\$ -	\$ -	\$ -
Other tax items	5,101,828	-	-	-
Non-property taxes	48,913	-	-	-
Charges for services	923,374	-	-	-
Use of money and property	85,565	-	85	-
Sale of property and compensation for loss	4,195	-	-	-
State aid	9,093,879	238,405	-	37,571
Federal aid	-	450,378	-	-
Food sales	-	-	-	-
Miscellaneous	623,353	-	-	-
Total Revenues	45,129,708	688,783	85	37,571
Expenditures				
Current:				
General support	3,774,841	-	-	-
Instruction	24,998,669	748,385	-	-
Pupil transportation	2,709,373	-	-	-
Community services	48,955	-	-	-
Employee benefits	9,283,203	-	-	-
Cost of food sales	-	-	-	-
Other	-	-	-	-
Debt service:				
Principal	1,720,249	-	-	-
Interest	971,744	-	-	-
Capital outlay	-	-	-	530,552
Total Expenditures	43,507,034	748,385	-	530,552
Excess (Deficiency) of Revenues Over Expenditures	1,622,674	(59,602)	85	(492,981)
Other Financing Sources (Uses)				
Transfers in	-	59,602	1,000,000	90,524
Transfers out	(1,150,126)	-	-	-
Total Other Financing Sources (Uses)	(1,150,126)	59,602	1,000,000	90,524
Net Change in Fund Balances	472,548	-	1,000,085	(402,457)
Fund Balances - Beginning of Year	5,529,205	-	4,819,457	795,566
Fund Balances - End of Year	\$ 6,001,753	\$ -	\$ 5,819,542	\$ 393,109

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

Other Governmental	Total Governmental Funds
\$ -	\$ 29,248,601
-	5,101,828
-	48,913
-	923,374
214	85,864
-	4,195
11,075	9,380,930
177,833	628,211
446,392	446,392
54,622	677,975
<u>690,136</u>	<u>46,546,283</u>
-	3,774,841
-	25,747,054
-	2,709,373
-	48,955
-	9,283,203
578,708	578,708
67,000	67,000
-	1,720,249
-	971,744
-	530,552
<u>645,708</u>	<u>45,431,679</u>
<u>44,428</u>	<u>1,114,604</u>
-	1,150,126
-	<u>(1,150,126)</u>
-	-
44,428	1,114,604
306,671	11,450,899
<u>\$ 351,099</u>	<u>\$ 12,565,503</u>

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PUTNAM VALLEY 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 \$ 1,114,604

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 outlay in the current period.

Capital outlay expenditures	555,901
Depreciation expense	<u>(853,250)</u>
	<u>(297,349)</u>

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

Principal paid on serial bonds	1,500,000
Principal paid on energy performance contract	220,249
Amortization of issuance costs, loss on refunding and premium	<u>(51,367)</u>
	<u>1,668,882</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	4,843
Compensated absences	(41,435)
Other post employment benefit obligations	<u>(1,601,996)</u>
	<u>(1,638,588)</u>

Change in Net Assets of Governmental Activities \$ 847,549

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

PUTNAM VALLEY 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	\$ 29,178,327	\$ 29,178,327	\$ 29,248,601	\$ 70,274
Other tax items	5,090,857	5,090,857	5,101,828	10,971
Non-property taxes	25,000	25,000	48,913	23,913
Charges for services	241,000	241,000	923,374	682,374
Use of money and property	80,000	80,000	85,565	5,565
Sale of property and compensation for loss	500	500	4,195	3,695
State aid	9,115,828	9,115,828	9,093,879	(21,949)
Federal aid	10,000	10,000	-	(10,000)
Miscellaneous	230,000	230,000	623,353	393,353
Total Revenues	<u>43,971,512</u>	<u>43,971,512</u>	<u>45,129,708</u>	<u>1,158,196</u>
EXPENDITURES				
Current:				
General support	4,198,124	3,894,420	3,774,841	119,579
Instruction	25,325,035	25,406,209	24,998,669	407,540
Pupil transportation	2,634,134	2,789,084	2,709,373	79,711
Community services	-	49,047	48,955	92
Employee benefits	10,264,671	9,283,204	9,283,203	1
Debt service:				
Principal	1,720,249	1,720,249	1,720,249	-
Interest	988,426	982,835	971,744	11,091
Total Expenditures	<u>45,130,639</u>	<u>44,125,048</u>	<u>43,507,034</u>	<u>618,014</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,159,127)</u>	<u>(153,536)</u>	<u>1,622,674</u>	<u>1,776,210</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(144,934)	(1,150,525)	(1,150,126)	399
Total Other Financing Sources (Uses)	<u>(144,934)</u>	<u>(1,150,525)</u>	<u>(1,150,126)</u>	<u>399</u>
Net Change in Fund Balances	(1,304,061)	(1,304,061)	472,548	1,776,609
Fund Balances - Beginning of Year	<u>1,304,061</u>	<u>1,304,061</u>	<u>5,529,205</u>	<u>4,225,144</u>
Fund Balances - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,001,753</u>	<u>\$ 6,001,753</u>

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

Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
238,007	238,405	238,405	-
469,032	476,533	450,378	(26,155)
-	-	-	-
<u>707,039</u>	<u>714,938</u>	<u>688,783</u>	<u>(26,155)</u>
-	-	-	-
767,039	774,938	748,385	26,553
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>767,039</u>	<u>774,938</u>	<u>748,385</u>	<u>26,553</u>
<u>(60,000)</u>	<u>(60,000)</u>	<u>(59,602)</u>	<u>398</u>
60,000	60,000	59,602	(398)
-	-	-	-
<u>60,000</u>	<u>60,000</u>	<u>59,602</u>	<u>(398)</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2012

	<u>Agency</u>
ASSETS	
Cash and Equivalents	\$ 103,187
LIABILITIES	
Accounts Payable	\$ 452
Student Activity Funds	<u>102,735</u>
Total Liabilities	<u>\$ 103,187</u>

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

Note 1 - Summary of Significant Accounting Policies

The Putnam Valley Central School District, New York ("School District"), as presently constituted, was established in 1934 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government which is the School District, b) organizations for which the School District is financially accountable and c) other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Putnam-Northern Westchester Board of Cooperative Educational Services ("BOCES"). BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating 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 the ratio which the component school district's full value of taxable properties in effect at the time of adoption bears to the total full value of taxable properties of all component school districts within the BOCES as defined in Education Law. Copies of BOCES' financial statements can be requested from Putnam-Northern Westchester BOCES, 200 BOCES Drive, Yorktown Heights, New York, 10598.

B. District-Wide Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, 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, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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.

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.

- 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and other post employment benefit obligations are recorded only when payment is due. General capital assets 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 and obligations of New York State or its political subdivisions, and accordingly, the School District's policy provides for no credit risk on investments.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments - The School District participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. In accordance with the provisions of General Municipal Law, Article 3A, CLASS has designated Cutwater Asset Management, a wholly owned subsidiary of MBIA, Inc. as its registered investment advisor. MBIA, Inc. is registered with the Securities and Exchange Commission ("SEC"), and is subject to all 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 reported 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 and Poor's. 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 levied and payable on that date. The School District is responsible for the billing and collection of taxes through October 31st, at which time the responsibility for uncollected taxes is transferred to the County. On or about April 1st, the County remits to the School District the balance of all uncollected taxes thus making the School District whole.

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 expenses/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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Inventories - Inventories in the School Lunch Fund consist of surplus food, at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are received. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by a reservation of fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

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

Deferred Charges - Deferred charges in the district-wide financial statements represent the unamortized portion of the cost of issuance of bonds. These costs are being amortized over the term of the respective bond 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 \$10,000 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 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	8-20

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported deferred revenues of \$40,045 for miscellaneous revenue received in advance in the General Fund and \$125,000 for State aid received in advance in the Capital Projects Fund.

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

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

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated 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 school lunch, repairs, special purpose, property loss and liability, tax certiorari, debt service, retirement contribution and capital projects. The balance is classified as unrestricted.

Fund Balance - Generally, fund balance represents the difference between the 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

Note 1 - Summary of Significant Accounting Policies (Continued)

used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law.

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

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

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

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

F. Encumbrances

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

G. Use of Estimates

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

Note 1 - Summary of Significant Accounting Policies (Continued)

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 6, 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) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the voters reject the budget, the Board of Education may resubmit the budget to the voters only once in revised form or as originally issued. The Board may also elect to adopt a contingent budget without voter approval. The contingent budget includes all expenditures needed to provide the minimum services legally required. Total spending under a contingency budget cannot increase by more than 4% or 120% of the Consumer Price Index, whichever is lower. In addition, the administrative budget segment, exclusive of the capital component, may not comprise a greater percentage of the budget than the lesser of either (1) the comparable percentage of the prior year's budget or (2) the comparable percentage of the last defeated budget. (See Note 5).
- f) Formal budgetary integration is employed during the year as a management control device for the General and Special Aid funds.
- g) Budgets for the 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 Debt Service, School Lunch or Special Purpose funds.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

B. Limitation on Fund Balance

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

C. Capital Projects Fund Deficit

The deficit in the School Bus Replacements project in the Capital Projects Fund of \$144,889 arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. This deficit will be reduced and eliminated as bond anticipation notes are redeemed with funding provided by a transfer from the General Fund, or converted to permanent financing. The deficit in the Elementary School Construction - Phase II project of \$264,068 arises because of expenditures exceeding current financing on the project. This deficit will be eliminated with the subsequent receipt or issuance 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:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 472,824	\$ 6,446,589
Special Aid	-	709,297
Debt Service	5,819,542	-
Capital Projects	1,081,642	309,910
Non-Major Governmental	91,872	84
	<u>\$ 7,465,880</u>	<u>\$ 7,465,880</u>

Note 3 - Detailed Notes on All Funds (Continued)

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. Advances To/From Other Funds

The balances reflected as advances to/from other funds at June 31, 2012 were as follows:

<u>Fund</u>	<u>Advance To</u>	<u>Advance From</u>
General	\$ 264,068	\$ -
Capital Projects	-	264,068
	<u>\$ 264,068</u>	<u>\$ 264,068</u>

The outstanding balances between funds represent loans which are not expected to be repaid within the subsequent operating cycle.

C. Capital Assets

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

<u>Class</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Balance June 30, 2012</u>
Capital Assets, not being depreciated:			
Land	\$ 2,891,200	\$ -	\$ 2,891,200
Construction-in-Progress	957,825	492,981	1,450,806
Total Capital Assets, not being depreciated	<u>\$ 3,849,025</u>	<u>\$ 492,981</u>	<u>\$ 4,342,006</u>
Capital Assets, being depreciated:			
Buildings and Improvements	\$ 36,999,577	\$ -	\$ 36,999,577
Machinery and Equipment	1,483,013	62,920	1,545,933
Total Capital Assets, being depreciated	<u>38,482,590</u>	<u>62,920</u>	<u>38,545,510</u>
Less Accumulated Depreciation for:			
Buildings and Improvements	9,450,529	768,533	10,219,062
Machinery and Equipment	1,074,381	84,717	1,159,098
Total Accumulated Depreciation	<u>10,524,910</u>	<u>853,250</u>	<u>11,378,160</u>
Total Capital Assets, being depreciated, net	<u>\$ 27,957,680</u>	<u>\$ (790,330)</u>	<u>\$ 27,167,350</u>
Capital Assets, net	<u>\$ 31,806,705</u>	<u>\$ (297,349)</u>	<u>\$ 31,509,356</u>

Note 3 - Detailed Notes on All Funds (Continued)

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

General Support	\$ 24,665
Instruction	739,511
Pupil Transportation	73,815
Cost of Food Sales	<u>15,259</u>
Total Depreciation Expense	<u>\$ 853,250</u>

D. Accrued Liabilities

Accrued liabilities at June 30, 2012 were as follows:

	<u>General Fund</u>
Payroll and Employee Benefits	<u>\$ 1,065,388</u>

E. Short-Term Capital Borrowings - Bond Anticipation Notes

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

Purpose	Year of Original Issue	Rate of Interest	Balance July 1, 2011	Redemptions	Balance June 30, 2012
School Bus Replacements	2007	- %	\$ 22,105	\$ 22,105	\$ -
School Bus Replacements	2008	3.27	55,410	27,704	27,706
School Bus Replacements	2009	3.27	39,895	13,299	26,596
School Bus Replacements	2010	3.27	74,719	18,679	56,040
School Bus Replacements	2011	3.27	<u>43,684</u>	<u>8,737</u>	<u>34,947</u>
			<u>\$ 235,813</u>	<u>\$ 90,524</u>	<u>\$ 145,289</u>

Interest expenditures/expense of \$3,128 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. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes 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 periods 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 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

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

ERS		TRS	
Tier/Plan	Rate	Tier	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	\$ 910,070	\$ 1,909,194
2011	655,179	1,492,278
2010	359,013	1,073,155

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

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

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	\$ 21,875,000	\$ -	\$ 1,500,000	\$ 20,375,000	\$ 1,590,000
Less - Deferred charges	(694,612)	-	(43,188)	(651,424)	-
	21,180,388	-	1,456,812	19,723,576	1,590,000
Energy Performance Contract Payable	450,309	-	220,249	230,060	230,060
Other Non-current Liabilities:					
Compensated Absences	574,205	98,435	57,000	615,640	62,000
Other Post Employment Benefit Obligations Payable	2,762,697	2,611,178	1,009,182	4,364,693	-
Total Long-Term Liabilities	\$ 24,967,599	\$ 2,709,613	\$ 2,743,243	\$ 24,933,969	\$ 1,882,060

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

The liabilities for bonds, energy performance contract debt, compensated absences and other post employment benefit obligations are liquidated 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
Refunding bonds	2005	\$ 19,780,000	June, 2028	4.125 - 5.0 %	\$ 13,740,000
Reconstruction and additions to various district facilities	2006	9,850,000	June, 2021	4.0	6,635,000
					\$ 20,375,000

Interest expenditures of \$948,613 were recorded in the fund financial statements in the General Fund. Interest expense of \$989,002 was recorded in the district-wide financial statements.

Energy Performance Contract Payable

The School District, during the 1998-99 fiscal year, entered into a \$2,378,746 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The School District refinanced the balance of this agreement plus accrued interest during the 2003-04 fiscal year. The new agreement provides for annual payments of \$240,252, including interest at 4.43% through April 2013. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the payment terms. Interest expenditures of \$20,003 were recorded in the fund financial statements in the General Fund. Interest expense of \$17,959 was recorded in the district-wide financial statements. The balance due at June 30, 2012 was \$230,060.

Payments to Maturity

The annual requirements to amortize all bonded and energy performance contract debt outstanding as of June 30, 2012 including interest payments of \$6,226,360 are as follows:

Year Ending June 30,	Bonds		Energy Performance Contract		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 1,590,000	\$ 881,438	\$ 230,060	\$ 10,192	\$ 1,820,060	\$ 891,630
2014	1,645,000	808,088	-	-	1,645,000	808,088
2015	1,660,000	737,288	-	-	1,660,000	737,288
2016	1,680,000	666,288	-	-	1,680,000	666,288
2017	1,715,000	589,288	-	-	1,715,000	589,288
2018-2022	7,530,000	1,848,436	-	-	7,530,000	1,848,436
2023-2027	3,830,000	653,624	-	-	3,830,000	653,624
2028	725,000	31,718	-	-	725,000	31,718
	\$ 20,375,000	\$ 6,216,168	\$ 230,060	\$ 10,192	\$ 20,605,060	\$ 6,226,360

Note 3 - Detailed Notes on All Funds (Continued)

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

Under the terms of the existing collective bargaining agreements, the School District is required to compensate teachers retiring from the School District for accumulated sick time to a maximum of 300 days. Teachers will be compensated at \$50 per day for unused leave up to 100 days and \$100 per day from 101-300 days. In addition, pursuant to existing collective bargaining agreements, the School District is required to compensate employees retiring from the School District for accumulated sick time to a maximum of 300 days for the twelve month employees and 250 days for ten month employees. Employees will be compensated at a rate of \$45 and \$40 per day, respectively, for any accumulations over 100 days. No payment will be made by the School District for unused vacation time upon separation from employment. The value of the compensated absences has been reflected in the district-wide financial statements.

Other Post Employment Benefit Obligations Payable

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

The School District's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. 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.

Note 3 - Detailed Notes on All Funds (Continued)

The School District is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the expected rate of return on the School District's general assets. Funding for the Plan has been established on a pay-as-you-go basis. The assumed increase in postretirement benefits is 10% for the first year, decreases in years two through six to 9%, 8%, 7%, 6% and 5%, respectively, and then continues at 5% thereafter. The amortization basis is the level dollar method with a closed amortization approach with 26 years remaining in the amortization period. The actuarial assumptions included a 5.0% investment rate of return. The School District currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the unit credit method.

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

Active Employees	260
Retired Employees	<u>119</u>
	<u><u>379</u></u>

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2011	\$ 31,937,268
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u><u>\$ 31,937,268</u></u>
Funded Ratio	<u><u>0.00%</u></u>
Covered Payroll (Active plan members)	<u><u>\$ 18,557,250</u></u>
UAAL as a Percentage of Covered Payroll	<u><u>172.10%</u></u>
Annual Required Contribution	\$ 2,106,985
Interest on Net OPEB Obligation	138,135
Adjustment to Annual Required Contribution	<u>366,058</u>
Annual OPEB Cost	2,611,178
Contributions Made	<u>(1,009,182)</u>
Increase in Net OPEB Obligation	1,601,996
Net OPEB Obligation - Beginning of Year	<u>2,762,697</u>
Net OPEB Obligation - End of Year	<u><u>\$ 4,364,693</u></u>

Note 3 - Detailed Notes on All Funds (Continued)

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

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 2,611,178	38.65 %	\$ 4,364,693
2011	1,764,356	46.30	2,762,697
2010	1,653,992	48.93	1,815,211

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 the equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

Transfers Out	Transfers In			Total
	Special Aid Fund	Debt Service Fund	Capital Projects Fund	
General Fund	\$ 59,602	\$ 1,000,000	\$ 90,524	\$ 1,150,126

Transfers are used to move amounts earmarked in the General Fund to fulfill commitments for Special Aid Fund, Debt Service Fund and Capital Projects Fund 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 School Lunch - the component of net assets that reports the difference between assets and liabilities in the School Lunch Fund.

Restricted for Repairs - the component of net assets that has been established pursuant to Section 6d of General Municipal Law to pay the cost of major repairs to School District assets.

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

Restricted for Retirement Contribution - the component of net assets that reports the amounts set aside to be used for retirement costs in accordance with Section 6r of General Municipal Law.

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

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

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

J. Fund Balances

	2012					2011				
	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:										
Inventories	\$ -	\$ -	\$ -	\$ 513	\$ 513	\$ -	\$ -	\$ -	\$ 7,929	\$ 7,929
Prepaid expenditures	41,445	-	-	-	41,445	243,215	-	-	-	243,215
Advances	264,068	-	-	-	264,068	264,068	-	-	-	264,068
	305,513	-	-	513	306,026	507,283	-	-	7,929	515,212
Restricted:										
Repairs	30,325	-	-	-	30,325	30,204	-	-	-	30,204
Property loss and liability	25,526	-	-	-	25,526	25,424	-	-	-	25,424
Tax certiorari	397,077	-	-	-	397,077	269,166	-	-	-	269,166
Employee benefit accrued liability	605,713	-	-	-	605,713	603,300	-	-	-	603,300
Retirement contribution	1,807,117	-	-	-	1,807,117	1,307,117	-	-	-	1,307,117
Debt service	-	5,819,542	-	-	5,819,542	-	4,819,457	-	-	4,819,457
Capital projects	-	-	393,109	-	393,109	-	-	795,566	-	795,566
Trusts	-	-	-	72,680	72,680	-	-	-	84,844	84,844
	2,865,758	5,819,542	393,109	72,680	9,151,089	2,235,211	4,819,457	795,566	84,844	7,935,078
Assigned:										
Purchases on order:										
General government support	53,169	-	-	-	53,169	91,122	-	-	-	91,122
Instruction	110,959	-	-	-	110,959	252,898	-	-	-	252,898
Transportation	3,065	-	-	-	3,065	35,041	-	-	-	35,041
	167,193	-	-	-	167,193	379,061	-	-	-	379,061
Subsequent year's expenditures	875,000	-	-	-	875,000	925,000	-	-	-	925,000
School Lunch Fund	-	-	-	277,906	277,906	-	-	-	213,898	213,898
	1,042,193	-	-	277,906	1,320,099	1,304,061	-	-	213,898	1,517,959
	1,788,289	-	-	-	1,788,289	1,482,650	-	-	-	1,482,650
Unassigned	\$ 6,001,753	\$ 5,819,542	\$ 393,109	\$ 351,099	\$ 12,565,503	\$ 5,529,205	\$ 4,819,457	\$ 795,566	\$ 306,671	\$ 11,450,899

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

Advances has 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.

Employee benefit accrued liability has been established pursuant to General Municipal Law to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Trusts - the component of fund balance that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

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

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

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings, the results of which may 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. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

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

C. Risk Management

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

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million. The School District maintains liability coverage for school board members up to \$1 million. The School District also maintains an umbrella policy with coverage up to \$20 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District has also established a reserve for property loss and liability pursuant to General Municipal Law. At June 30, 2012, the balance in the reserve was \$25,526, which is to be used for the uninsured portion of any losses.

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Westchester-Putnam Schools Cooperative Self-Insurance Plan for Workers' Compensation. This plan operates under an agreement, as amended, dated February 6, 1987. The purposes of the plan are to provide for the efficient and economical evaluation, processing, administration, defense and payment of claims against Plan members for workers' compensation payments. The Board of Trustees of the Plan consists of five Trustees selected by the Plan members. Each Trustee shall have one vote and no action may be taken except by a majority vote of the total membership of Trustees. Billings to each participant are based upon the costs incurred for workers' compensation. The School District has transferred all related risk to the Plan.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The School District and neighboring school districts in Northern Westchester and Putnam Counties participate in the Northern Westchester - Putnam Schools Cooperative Medical Expense Benefit Plan. The plan operates under an agreement dated February 17, 1989. The purposes of the plan are to provide for the efficient and economical evaluation, processing, administration and payment of claims against plan members for medical expenses through self-insurance and to provide for centralized administration, funding and disbursements for such services. The governance of the plan rests in the Board of Trustees which shall consist of five Trustees selected by the plan members. A majority vote of the total number of Trustees shall be required to taken any actions. The billings are based upon coverages provided to each participants' employees. The School District has transferred all related risk to the Plan.

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 governments, including school districts.

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

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

PUTNAM VALLEY 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, 2012	\$ -	\$ 31,937,268	\$ 31,937,268	- %	\$ 18,557,250	172.10 %
July 1, 2011	-	25,985,531	25,985,531	-	19,844,374	130.95
July 1, 2010	-	24,597,252	24,597,252	-	20,546,361	119.72

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PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2012 AND 2011

	<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash:			
Demand deposits		\$ 14,623,800	\$ 12,191,311
Petty cash		900	900
		<u>14,624,700</u>	<u>12,192,211</u>
Investments		<u>6</u>	<u>5,009</u>
Receivables:			
Accounts		161,634	36,301
State and Federal aid		198,843	297,859
Due from other governments		503,265	933,147
Due from other funds		472,824	911,442
Advances to other funds		264,068	264,068
		<u>1,600,634</u>	<u>2,442,817</u>
Prepaid Expenditures		<u>41,445</u>	<u>243,215</u>
Total Assets		<u>\$ 16,266,785</u>	<u>\$ 14,883,252</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable		\$ 384,301	\$ 371,749
Accrued liabilities		1,065,388	1,331,555
Deferred revenues		40,045	115,055
Due to other funds		6,446,589	5,687,895
Due to retirement systems		2,328,709	1,847,793
Total Liabilities		<u>10,265,032</u>	<u>9,354,047</u>
Fund Balance:			
Nonspendable		305,513	507,283
Restricted		2,865,758	2,235,211
Assigned		1,042,193	1,304,061
Unassigned		1,788,289	1,482,650
Total Fund Balance		<u>6,001,753</u>	<u>5,529,205</u>
Total Liabilities and Fund Balance		<u>\$ 16,266,785</u>	<u>\$ 14,883,252</u>

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 YEARS ENDED JUNE 30, 2012 AND 2011

	2012				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
Revenues:					
Real property taxes	\$ 29,178,327	\$ 29,178,327	\$ 29,248,601	\$	\$ 70,274
Other tax items	5,090,857	5,090,857	5,101,828		10,971
Non-property taxes	25,000	25,000	48,913		23,913
Charges for services	241,000	241,000	923,374		682,374
Use of money and property	80,000	80,000	85,565		5,565
Sale of property and compensation for loss	500	500	4,195		3,695
State aid	9,115,828	9,115,828	9,093,879		(21,949)
Federal aid	10,000	10,000	-		(10,000)
Miscellaneous	230,000	230,000	623,353		393,353
Total Revenues	43,971,512	43,971,512	45,129,708		1,158,196
Expenditures:					
Current:					
General support:					
Board of education	30,739	45,264	44,441	293	530
Central administration	358,414	386,084	383,726	-	2,358
Finance	601,183	643,868	637,227	219	6,422
Staff	159,000	92,030	85,878	-	6,152
Central services	2,447,931	2,280,875	2,205,254	52,657	22,964
Special items	600,857	446,299	418,315	-	27,984
Total General Support	4,198,124	3,894,420	3,774,841	53,169	66,410
Instruction:					
Instruction, administration and improvement	1,774,060	1,704,226	1,682,672	13,527	8,027
Teaching - Regular school Programs for children with handicapping conditions	13,184,217	12,835,129	12,700,804	65,871	68,454
Instructional media	6,668,179	7,139,517	6,966,872	4,057	168,588
Pupil services	1,357,020	1,374,188	1,346,835	20,363	6,990
	2,341,559	2,353,149	2,301,486	7,141	44,522
Total Instruction	25,325,035	25,406,209	24,998,669	110,959	296,581
Pupil transportation	2,634,134	2,789,084	2,709,373	3,065	76,646
Community services	-	49,047	48,955	-	92
Employee benefits	10,264,671	9,283,204	9,283,203	-	1
Debt service:					
Principal	1,720,249	1,720,249	1,720,249	-	-
Interest	988,426	982,835	971,744	-	11,091
Total Expenditures	45,130,639	44,125,048	43,507,034	167,193	450,821
Excess (Deficiency) of Revenues Over Expenditures	(1,159,127)	(153,536)	1,622,674	(167,193)	1,609,017
Other Financing Uses - Transfers out	(144,934)	(1,150,525)	(1,150,126)	-	399
Net Change in Fund Balance	(1,304,061)	(1,304,061)	472,548	\$ (167,193)	\$ 1,609,416
Fund Balance - Beginning of Year	1,304,061	1,304,061	5,529,205		
Fund Balance - End of Year	\$ -	\$ -	\$ 6,001,753		

2011

Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 28,809,516	\$ 28,809,516	\$ 28,651,799	\$	\$ (157,717)
5,010,763	5,010,763	4,959,109		(51,654)
25,000	25,000	43,226		18,226
101,000	101,000	772,822		671,822
135,000	135,000	110,427		(24,573)
500	500	500		-
8,366,593	8,366,593	8,159,708		(206,885)
25,000	25,000	383,977		358,977
287,337	367,337	350,730		(16,607)
<u>42,760,709</u>	<u>42,840,709</u>	<u>43,432,298</u>		<u>591,589</u>
29,925	39,052	36,499	1,199	1,354
453,851	537,031	531,745	2,916	2,370
634,044	683,229	680,097	35	3,097
252,672	245,352	194,561	5,500	45,291
2,582,100	2,185,262	2,082,501	81,472	21,289
503,634	534,178	533,502	-	676
<u>4,456,226</u>	<u>4,224,104</u>	<u>4,058,905</u>	<u>91,122</u>	<u>74,077</u>
1,745,275	1,642,848	1,608,448	20,910	13,490
12,983,051	13,013,335	12,886,409	100,150	26,776
6,421,207	6,744,484	6,664,289	64,108	16,087
1,496,629	1,517,858	1,446,249	45,725	25,884
2,367,140	2,351,949	2,315,295	22,005	14,649
<u>25,013,302</u>	<u>25,270,474</u>	<u>24,920,690</u>	<u>252,898</u>	<u>96,886</u>
2,593,540	2,659,419	2,598,611	35,041	25,767
-	52,147	52,146	-	1
9,482,598	8,779,522	8,571,424	-	208,098
1,645,958	1,645,958	1,645,958	-	-
1,056,779	1,056,779	1,041,324	-	15,455
<u>44,248,403</u>	<u>43,688,403</u>	<u>42,889,058</u>	<u>379,061</u>	<u>420,284</u>
(1,487,694)	(847,694)	543,240	(379,061)	1,011,873
(144,934)	(704,934)	(693,770)	-	11,164
(1,632,628)	(1,552,628)	(150,530)	<u>\$ (379,061)</u>	<u>\$ 1,023,037</u>
<u>1,632,628</u>	<u>1,552,628</u>	<u>5,679,735</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,529,205</u>		

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND
 SCHEDULE OF REVENUES COMPARED TO BUDGET
 YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 29,178,327	\$ 29,178,327	\$ 29,248,601	\$ 70,274
OTHER TAX ITEMS				
School tax relief reimbursement	5,055,857	5,055,857	5,054,485	(1,372)
Interest and penalties on real property taxes	35,000	35,000	47,343	12,343
	5,090,857	5,090,857	5,101,828	10,971
NON-PROPERTY TAXES				
Non-property tax distribution from County	25,000	25,000	48,913	23,913
CHARGES FOR SERVICES				
Day school tuition	100,000	100,000	673,040	573,040
Other student fees and charges	141,000	141,000	250,334	109,334
	241,000	241,000	923,374	682,374
USE OF MONEY AND PROPERTY				
Earnings on investments	75,000	75,000	82,769	7,769
Commissions	5,000	5,000	2,796	(2,204)
	80,000	80,000	85,565	5,565

SALE OF PROPERTY AND COMPENSATION FOR LOSS

Insurance recoveries	500	500	4,195	3,695
STATE AID				
Basic formula	6,174,288	6,174,288	6,623,135	448,847
BOCES	1,289,608	1,289,608	1,099,362	(190,246)
Textbooks	114,950	114,950	115,918	968
Lottery	1,481,193	1,481,193	1,140,880	(340,313)
Computer software	44,410	44,410	44,469	59
Library materials	11,379	11,379	11,518	139
Homeless aid	-	-	58,597	58,597
	<u>9,115,828</u>	<u>9,115,828</u>	<u>9,093,879</u>	<u>(21,949)</u>
FEDERAL AID				
Medical assistance	10,000	10,000	-	(10,000)
MISCELLANEOUS				
Refund of prior year's expenditures	60,000	60,000	182,183	122,183
Refund of prior year's BOCES expenditures	50,000	50,000	285,520	235,520
Refund of Metropolitan Commuter Transportation Mobility Tax	90,000	90,000	136,037	46,037
Unclassified	30,000	30,000	19,613	(10,387)
	<u>230,000</u>	<u>230,000</u>	<u>623,353</u>	<u>393,353</u>
TOTAL REVENUES	<u>\$ 43,971,512</u>	<u>\$ 43,971,512</u>	<u>\$ 45,129,708</u>	<u>\$ 1,158,196</u>

PUTNAM VALLEY 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	\$ 6,440	\$ 19,988	\$ 19,662	\$ -	\$ 326
District clerk	12,940	11,440	11,440	-	-
District meeting	11,359	13,836	13,339	293	204
Total Board of Education	30,739	45,264	44,441	293	530
CENTRAL ADMINISTRATION					
Chief school administrator	358,414	386,084	383,726	-	2,358
FINANCE					
Business administration	490,647	526,479	525,427	219	833
Auditing	81,200	88,457	88,457	-	-
Treasurer	710	1,518	1,476	-	42
Tax collector	27,876	26,704	21,867	-	4,837
Fiscal agent fees	750	710	-	-	710
Total Finance	601,183	643,868	637,227	219	6,422
STAFF					
Legal	103,000	51,719	48,719	-	3,000
Personnel	38,500	31,857	28,849	-	3,008
Public information and services	17,500	8,454	8,310	-	144
Total Staff	159,000	92,030	85,878	-	6,152

CENTRAL SERVICES					
Operation and maintenance of plant	2,447,931	2,280,875	2,205,254	52,657	22,964
SPECIAL ITEMS					
Unallocated insurance	216,300	157,749	157,747	-	2
School association dues	12,567	16,674	16,674	-	-
Judgments and claims	25,000	58,995	58,944	-	51
Metropolitan commuter transportation mobility tax	90,000	56,405	55,543	-	862
Administrative charges - BOCES	256,990	156,476	129,407	-	27,069
Total Special Items	600,857	446,299	418,315	-	27,984
Total General Support	4,198,124	3,894,420	3,774,841	53,169	66,410
INSTRUCTION					
INSTRUCTION, ADMINISTRATION AND IMPROVEMENT					
Curriculum development and supervision	127,929	113,460	100,811	8,000	4,649
Supervision - Regular school	1,646,131	1,590,766	1,581,861	5,527	3,378
Total Instruction, Administration and Improvement	1,774,060	1,704,226	1,682,672	13,527	8,027
TEACHING - Regular school	13,184,217	12,835,129	12,700,804	65,871	68,454
PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS					
Programs for students with disabilities	6,668,179	7,139,517	6,966,872	4,057	168,588
INSTRUCTIONAL MEDIA					
School library and audiovisual	226,560	217,687	195,201	19,133	3,353
Computer assisted instruction	1,130,460	1,156,501	1,151,634	1,230	3,637
Total Instructional Media	1,357,020	1,374,188	1,346,835	20,363	6,990

(Continued)

PUTNAM VALLEY 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)
PUPIL SERVICES					
Guidance - Regular school	\$ 532,326	\$ 508,266	\$ 494,537	\$ 200	\$ 13,529
Health services - Regular school	315,507	329,083	327,315	-	1,768
Psychological services - Regular school	183,401	160,673	160,496	-	177
Pupil personnel services - Special schools	296,527	307,808	301,736	1,876	4,196
Co-curricular activities - Regular school	213,023	210,799	208,627	504	1,668
Interscholastic activities - Regular school	800,775	836,520	808,775	4,561	23,184
Total Pupil Services	2,341,559	2,353,149	2,301,486	7,141	44,522
Total Instruction	25,325,035	25,406,209	24,998,669	110,959	296,581
PUPIL TRANSPORTATION					
District transportation services	1,448,920	1,595,617	1,568,433	3,065	24,119
Contract transportation	1,185,214	1,193,467	1,140,940	-	52,527
Total Pupil Transportation	2,634,134	2,789,084	2,709,373	3,065	76,646
COMMUNITY SERVICES					
Youth program	-	49,047	48,955	-	92
EMPLOYEE BENEFITS					
State retirement	901,413	910,070	910,070	-	-
Teachers' retirement	2,247,821	1,909,194	1,909,194	-	-
Social security	1,947,624	1,695,460	1,695,459	-	1
Workers' compensation benefits	157,020	144,335	144,335	-	-
Life insurance	18,078	10,378	10,378	-	-
Unemployment benefits	40,000	40,000	40,000	-	-
Hospital, medical and dental insurance	4,549,715	4,156,710	4,156,710	-	-
Union welfare benefits	403,000	417,057	417,057	-	-
Total Employee Benefits	10,264,671	9,283,204	9,283,203	-	1

DEBT SERVICE

Principal:					
Serial bonds	1,500,000	1,500,000	1,500,000	-	-
Energy performance contract	220,249	220,249	220,249	-	-
	<u>1,720,249</u>	<u>1,720,249</u>	<u>1,720,249</u>	<u>-</u>	<u>-</u>
Interest:					
Serial bonds	948,613	948,613	948,613	-	-
Bond anticipation notes	19,809	14,218	3,128	-	11,090
Energy performance contract	20,004	20,004	20,003	-	1
	<u>988,426</u>	<u>982,835</u>	<u>971,744</u>	<u>-</u>	<u>11,091</u>
Total Debt Service	<u>2,708,675</u>	<u>2,703,084</u>	<u>2,691,993</u>	<u>-</u>	<u>11,091</u>
TOTAL EXPENDITURES	<u>45,130,639</u>	<u>44,125,048</u>	<u>43,507,034</u>	<u>167,193</u>	<u>450,821</u>

OTHER FINANCING USES

Transfers out:					
Special Aid Fund	60,000	60,000	59,602	-	398
Debt Service Fund	-	1,000,000	1,000,000	-	-
Capital Projects Fund	84,934	90,525	90,524	-	1
	<u>144,934</u>	<u>1,150,525</u>	<u>1,150,126</u>	<u>-</u>	<u>399</u>
TOTAL OTHER FINANCING USES	<u>144,934</u>	<u>1,150,525</u>	<u>1,150,126</u>	<u>-</u>	<u>399</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 45,275,573</u>	<u>\$ 45,275,573</u>	<u>\$ 44,657,160</u>	<u>\$ 167,193</u>	<u>\$ 451,220</u>

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PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 36,327	\$ 260,635
State and Federal Aid Receivable	687,872	900,863
Due from Other Funds	<u>-</u>	<u>13,982</u>
Total Assets	<u>\$ 724,199</u>	<u>\$ 1,175,480</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 14,902	\$ -
Due to Other Funds	<u>709,297</u>	<u>1,175,480</u>
Total Liabilities	<u>\$ 724,199</u>	<u>\$ 1,175,480</u>

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

SPECIAL AID FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED JUNE 30, 2012 AND 2011

	2012			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
State aid	\$ 238,007	\$ 238,405	\$ 238,405	\$ -
Federal aid	469,032	476,533	450,378	(26,155)
Total Revenues	707,039	714,938	688,783	(26,155)
Expenditures -				
Current -				
Instruction	767,039	774,938	748,385	26,553
Deficiency of Revenues Over Expenditures	(60,000)	(60,000)	(59,602)	398
Other Financing Sources -				
Transfers in	60,000	60,000	59,602	(398)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

2011			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 207,926	\$ 207,926	\$ 207,926	\$ -
999,102	1,025,603	1,012,435	(13,168)
1,207,028	1,233,529	1,220,361	(13,168)
1,267,028	1,293,529	1,272,343	21,186
(60,000)	(60,000)	(51,982)	8,018
60,000	60,000	51,982	(8,018)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Due from Other Funds	<u>\$ 5,819,542</u>	<u>\$ 4,819,457</u>
<u>FUND BALANCE</u>		
Restricted	<u>\$ 5,819,542</u>	<u>\$ 4,819,457</u>

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

DEBT SERVICE FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Revenues - Use of money and property	\$ 85	\$ 280
Expenditures	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	85	280
Other Financing Sources - Transfers in	<u>1,000,000</u>	<u>560,000</u>
Net Change in Fund Balance	1,000,085	560,280
Fund Balance - Beginning of Year	<u>4,819,457</u>	<u>4,259,177</u>
Fund Balance - End of Year	<u>\$ 5,819,542</u>	<u>\$ 4,819,457</u>

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash - Demand deposits	\$ 146,498	\$ 21,426
Investments	-	254,100
State and Federal Aid Receivable	37,571	-
Due from Other Funds	1,081,642	1,337,346
Total Assets	\$ 1,265,711	\$ 1,612,872
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Retainages payable	\$ 28,335	\$ 45,171
Deferred revenues	125,000	-
Due to other funds	309,910	272,254
Advances from other funds	264,068	264,068
Bond anticipation notes payable	145,289	235,813
Total Liabilities	872,602	817,306
Fund Balance - Restricted	393,109	795,566
Total Liabilities and Fund Balance	\$ 1,265,711	\$ 1,612,872

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

	<u>2012</u>	<u>2011</u>
Revenues - State aid	\$ 37,571	\$ -
Expenditures - Capital outlay	<u>530,552</u>	<u>1,013,685</u>
Deficiency of Revenues Over Expenditures	(492,981)	(1,013,685)
Other Financing Sources - Transfers in	<u>90,524</u>	<u>81,788</u>
Net Change in Fund Balance	(402,457)	(931,897)
Fund Balance - Beginning of Year	<u>795,566</u>	<u>1,727,463</u>
Fund Balance - End of Year	<u><u>\$ 393,109</u></u>	<u><u>\$ 795,566</u></u>

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

PROJECT	Project Budget	Expenditures and Transfers To Date		
		Prior Years	Current Year	Totals
School Bus Replacements	\$ 1,352,886	\$ 1,352,486	\$ -	\$ 1,352,486
Elementary School/Middle School Construction	7,450,000	7,447,128	-	7,447,128
Elementary School Construction - Phase II	3,490,000	3,277,107	-	3,277,107
General Reconstruction	2,250,000	957,825	492,981	1,450,806
Security Cameras	90,000	-	37,571	37,571
Totals	<u>\$ 14,632,886</u>	<u>\$ 13,034,546</u>	<u>\$ 530,552</u>	<u>\$ 13,565,098</u>

Unexpended Balance	Methods of Financing				Fund Balance (Deficit) at June 30, 2012	Bond Anticipation Notes Outstanding at June 30, 2012
	Interfund Transfers	Proceeds of Obligations	State and Federal Aid	Totals		
\$ 400	\$ -	\$ 1,207,597	\$ -	\$ 1,207,597	\$ (144,889)	\$ 145,289
2,872	-	7,450,000	-	7,450,000	2,872	-
212,893	-	2,400,000	613,039	3,013,039	(264,068)	-
799,194	2,250,000	-	-	2,250,000	799,194	-
52,429	-	-	37,571	37,571	-	-
<u>\$ 1,067,788</u>	<u>\$ 2,250,000</u>	<u>\$ 11,057,597</u>	<u>\$ 650,610</u>	<u>\$ 13,958,207</u>	<u>\$ 393,109</u>	<u>\$ 145,289</u>

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2012	2011
<u>ASSETS</u>				
Cash - Demand deposits	\$ 274,556	\$ 9,277	\$ 283,833	\$ 270,592
Receivables:				
Accounts	-	-	-	210
State and Federal aid	4,510	-	4,510	9,980
Due from other funds	28,385	63,487	91,872	53,402
	<u>32,895</u>	<u>63,487</u>	<u>96,382</u>	<u>63,592</u>
Inventories	<u>513</u>	<u>-</u>	<u>513</u>	<u>7,929</u>
Total Assets	<u>\$ 307,964</u>	<u>\$ 72,764</u>	<u>\$ 380,728</u>	<u>\$ 342,113</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 29,545	\$ -	\$ 29,545	\$ 35,442
Due to other funds	<u>-</u>	<u>84</u>	<u>84</u>	<u>-</u>
Total Liabilities	<u>29,545</u>	<u>84</u>	<u>29,629</u>	<u>35,442</u>
Fund Balances:				
Nonspendable	513	-	513	7,929
Restricted	-	72,680	72,680	84,844
Assigned	277,906	-	277,906	213,898
Total Fund Balances	<u>278,419</u>	<u>72,680</u>	<u>351,099</u>	<u>306,671</u>
Total Liabilities and Fund Balances	<u>\$ 307,964</u>	<u>\$ 72,764</u>	<u>\$ 380,728</u>	<u>\$ 342,113</u>

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2012	2011
Revenues:				
Use of money and property	\$ -	\$ 214	\$ 214	\$ 320
State aid	11,075	-	11,075	10,782
Federal aid	177,833	-	177,833	152,983
Food sales	446,392	-	446,392	450,775
Miscellaneous	-	54,622	54,622	40,472
Total Revenues	<u>635,300</u>	<u>54,836</u>	<u>690,136</u>	<u>655,332</u>
Expenditures -				
Current:				
Cost of food sales	578,708	-	578,708	541,840
Other	-	67,000	67,000	43,118
Total Expenditures	<u>578,708</u>	<u>67,000</u>	<u>645,708</u>	<u>584,958</u>
Excess (Deficiency) of Revenues Over Expenditures	56,592	(12,164)	44,428	70,374
Fund Balances - Beginning of Year	<u>221,827</u>	<u>84,844</u>	<u>306,671</u>	<u>236,297</u>
Fund Balances - End of Year	<u>\$ 278,419</u>	<u>\$ 72,680</u>	<u>\$ 351,099</u>	<u>\$ 306,671</u>

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash - Demand deposits	\$ 274,556	\$ 239,150
Receivables:		
Accounts	-	210
State and Federal aid	4,510	9,980
Due from other funds	28,385	-
	<u>32,895</u>	<u>10,190</u>
Inventories	<u>513</u>	<u>7,929</u>
Total Assets	<u>\$ 307,964</u>	<u>\$ 257,269</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities -		
Accounts payable	\$ 29,545	\$ 35,442
Fund Balance:		
Nonspendable	513	7,929
Assigned	277,906	213,898
Total Fund Balance	<u>278,419</u>	<u>221,827</u>
Total Liabilities and Fund Balance	<u>\$ 307,964</u>	<u>\$ 257,269</u>

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

	<u>2012</u>	<u>2011</u>
Revenues:		
State aid	\$ 11,075	\$ 10,782
Federal aid	177,833	152,983
Food sales	<u>446,392</u>	<u>450,775</u>
Total Revenues	635,300	614,540
Expenditures -		
Current -		
Cost of food sales	<u>578,708</u>	<u>541,840</u>
Excess of Revenues Over Expenditures	56,592	72,700
Fund Balance - Beginning of Year	<u>221,827</u>	<u>149,127</u>
Fund Balance - End of Year	<u><u>\$ 278,419</u></u>	<u><u>\$ 221,827</u></u>

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash - Demand deposits	\$ 9,277	\$ 31,442
Due from Other Funds	<u>63,487</u>	<u>53,402</u>
Total Assets	<u>\$ 72,764</u>	<u>\$ 84,844</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities -		
Due to other funds	\$ 84	\$ -
Fund Balance - Restricted	<u>72,680</u>	<u>84,844</u>
Total Liabilities and Fund Balance	<u>\$ 72,764</u>	<u>\$ 84,844</u>

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

	<u>2012</u>	<u>2011</u>
Revenues:		
Use of money and property	\$ 214	\$ 320
Miscellaneous	<u>54,622</u>	<u>40,472</u>
Total Revenues	54,836	40,792
Expenditures - Current - Other	<u>67,000</u>	<u>43,118</u>
Deficiency of Revenues Over Expenditures	(12,164)	(2,326)
Fund Balance - Beginning of Year	<u>84,844</u>	<u>87,170</u>
Fund Balance - End of Year	<u><u>\$ 72,680</u></u>	<u><u>\$ 84,844</u></u>

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

Adopted Budget	\$ 44,896,512
Encumbrances	<u>379,061</u>
Original/Final Budget	<u>\$ 45,275,573</u>

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

Assigned and Unassigned (Less Encumbrances) Fund Balance - Beginning of Year	\$ 2,407,650
Less - Appropriated Fund Balance Used for Levy of Taxes	<u>(925,000)</u>
Unassigned Fund Balance	<u>\$ 1,482,650</u>

PUTNAM VALLEY 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 -1001.0	\$ 29,248,601	\$ 29,248,601
Non-Property Taxes	AT-1199.0	48,913	48,913
State Aid	AT-3999.0	9,093,879	9,093,879
Federal Aid	AT-4999.0	-	-
 Total Revenues	 AT-5999.0	 45,129,708	 45,129,708
EXPENDITURES			
General Support	AT-1999.0	3,774,841	3,774,841
Pupil Transportation	AT-5599.0	2,709,373	2,709,373
Debt Service - Principal	AT-9798.6	1,810,773 (2)	1,720,249
Debt Service - Interest	AT-9798.7	971,744	971,744
 Total Expenditures and Other Financing Uses	 AT-9999.0	 \$ 44,657,162 (1)	 \$ 44,657,160

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

Capital Assets, net		\$ 31,509,356
Less:		
Bonds Payable	(20,375,000)	
Energy Performance Contract Payable	(230,060)	
Bond Anticipation Notes Payable	(145,289)	
Unamortized Portion of Premium on Bonds	<u>(379,434)</u>	(21,129,783)
Plus:		
Unexpended Bond Proceeds	3,272	
Unamortized Portion of Issuance Costs	123,291	
Unamortized Portion of Loss on Refunding Bonds	<u>1,030,858</u>	<u>1,157,421</u>
Invested in Capital Assets, net of Related Debt		<u>\$ 11,536,994</u>

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

To the Board of Education of the
Putnam Valley 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 Putnam Valley 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 September 6, 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 opinions 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 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 and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
September 6, 2012

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

INDEPENDENT AUDITORS' REPORT

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

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
September 6, 2012

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Indirect Programs - Passed through New York State		
Department of Education:		
<i>Child Nutrition Cluster:</i>		
School Breakfast Program	10.553	\$ 17,645
National School Lunch Program (NSLP) - Commodities	10.555	35,248
National School Lunch Program (NSLP) - Cash	10.555	<u>124,940</u>
Total U.S. Department of Agriculture		<u>177,833</u>
<u>U.S. Department of Education</u>		
Indirect Programs - Passed through New York State		
Department of Education:		
<i>Special Education Cluster (IDEA):</i>		
Special Education - Grants to States (IDEA, Part B)	84.027	330,446
Special Education - Preschool Grants (IDEA Preschool)	84.173	<u>17,426</u>
		347,872
Title I Grants to Local Educational Agencies	84.010	63,370
Improving Teacher Quality State Grants	84.367	<u>39,136</u>
Total U.S. Department of Education		<u>450,378</u>
Total		<u>\$ 628,211</u>

- (1) Catalog of Federal Domestic Assistance number.
(2) American Recovery and Reinvestment Act

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all Federal award programs for the year ended June 30, 2012. Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the Schedule.

2. *Basis of Accounting*

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

3. *Relationship to Financial Statements*

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

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2012

None

PUTNAM VALLEY CENTRAL SCHOOL DISTRICT, NEW YORK

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

Section I-Summary of Auditor's Results
Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education Cluster:
84.173	Special Education - State Grants
	Special Education - Preschool Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
Auditee qualified as low-risk auditee? Yes No

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

